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Decode risk.
Unlock opportunity.

**Institutional
Investor**
2022 GLOBAL FIXED INCOME RESEARCH
#1 BEST CREDIT RATING AGENCY
MOODY'S

 **RiskTech
100 2023**
#1

1Q 2023 Investor Presentation

May 18, 2023

Disclaimer

Certain statements contained in this document are forward-looking statements and are based on future expectations, plans and prospects for Moody's business and operations that involve a number of risks and uncertainties. Such statements involve estimates, projections, goals, forecasts, assumptions and uncertainties that could cause actual results or outcomes to differ materially from those contemplated, expressed, projected, anticipated or implied in the forward-looking statements. Stockholders and investors are cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements and other information in this document are made as of the date hereof, and Moody's undertakes no obligation (nor does it intend) to publicly supplement, update or revise such statements on a going-forward basis, whether as a result of subsequent developments, changed expectations or otherwise, except as required by applicable law or regulation. In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, Moody's is identifying certain factors that could cause actual results to differ, perhaps materially, from those indicated by these forward-looking statements. Those factors, risks and uncertainties include, but are not limited to: the impact of current economic conditions, including capital market disruptions, inflation and related monetary policy actions by governments in response to inflation, on worldwide credit markets and on economic activity, including on the volume of mergers and acquisitions, and their effects on the volume of debt and other securities issued in domestic and/or global capital markets; the uncertain effectiveness and possible collateral consequences of U.S. and foreign government initiatives and monetary policy to respond to the current economic climate, including instability of financial institutions, credit quality concerns, and other potential impacts of volatility in financial and credit markets; the global impact of the Russia - Ukraine military conflict on volatility in world financial markets, on general economic conditions and GDP in the U.S. and worldwide, on global relations and on the Company's own operations and personnel; other matters that could affect the volume of debt and other securities issued in domestic and/or global capital markets, including regulation, increased utilization of technologies that have the potential to intensify competition and accelerate disruption and disintermediation in the financial services industry, as well as the number of issuances of securities without ratings or securities which are rated or evaluated by non-traditional parties; the level of merger and acquisition activity in the U.S. and abroad; the uncertain effectiveness and possible collateral consequences of U.S. and foreign government actions affecting credit markets, international trade and economic policy, including those related to tariffs, tax agreements and trade barriers; the impact of MIS's withdrawal of its credit ratings on countries or entities within countries and of Moody's no longer conducting commercial operations in countries where political instability warrants such action; concerns in the marketplace affecting our credibility or otherwise affecting market perceptions of the integrity or utility of independent credit agency ratings; the introduction of competing products or technologies by other companies; pricing pressure from competitors and/or customers; the level of success of new product development and global expansion; the impact of regulation as an NRSRO, the potential for new U.S., state and local legislation and regulations; the potential for increased competition and regulation in the EU and other foreign jurisdictions; exposure to litigation related to our rating opinions, as well as any other litigation, government and regulatory proceedings, investigations and inquiries to which Moody's may be subject from time to time; provisions in U.S. legislation modifying the pleading standards and EU regulations modifying the liability standards applicable to credit rating agencies in a manner adverse to credit rating agencies; provisions of EU regulations imposing additional procedural and substantive requirements on the pricing of services and the expansion of supervisory remit to include non-EU ratings used for regulatory purposes; uncertainty regarding the future relationship between the U.S. and China; the possible loss of key employees and the impact of the global labor environment; failures or malfunctions of our operations and infrastructure; any vulnerabilities to cyber threats or other cybersecurity concerns; the timing and effectiveness of our restructuring programs, such as the 2022 - 2023 Geolocation Restructuring Program; currency and foreign exchange volatility; the outcome of any review by controlling tax authorities of Moody's global tax planning initiatives; exposure to potential criminal sanctions or civil remedies if Moody's fails to comply with foreign and U.S. laws and regulations that are applicable in the jurisdictions in which Moody's operates, including data protection and privacy laws, sanctions laws, anti-corruption laws, and local laws prohibiting corrupt payments to government officials; the impact of mergers, acquisitions, such as our acquisition of RMS, or other business combinations and the ability of Moody's to successfully integrate acquired businesses; the level of future cash flows; the levels of capital investments; and a decline in the demand for credit risk management tools by financial institutions. These factors, risks and uncertainties as well as other risks and uncertainties that could cause Moody's actual results to differ materially from those contemplated, expressed, projected, anticipated or implied in the forward-looking statements are described in greater detail under "Risk Factors" in Part I, Item 1A of Moody's annual report on Form 10-K for the year ended December 31, 2022, and in other filings made by the Company from time to time with the SEC or in materials incorporated herein or therein. Stockholders and investors are cautioned that the occurrence of any of these factors, risks and uncertainties may cause the Company's actual results to differ materially from those contemplated, expressed, projected, anticipated or implied in the forward-looking statements, which could have a material and adverse effect on the Company's business, results of operations and financial condition. New factors may emerge from time to time, and it is not possible for the Company to predict new factors, nor can the Company assess the potential effect of any new factors on it. Forward-looking and other statements in this document may also address our corporate responsibility progress, plans, and goals (including sustainability and environmental matters), and the inclusion of such statements is not an indication that these contents are necessarily material to investors or required to be disclosed in the Company's filings with the Securities and Exchange Commission. In addition, historical, current, and forward-looking sustainability-related statements may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future.

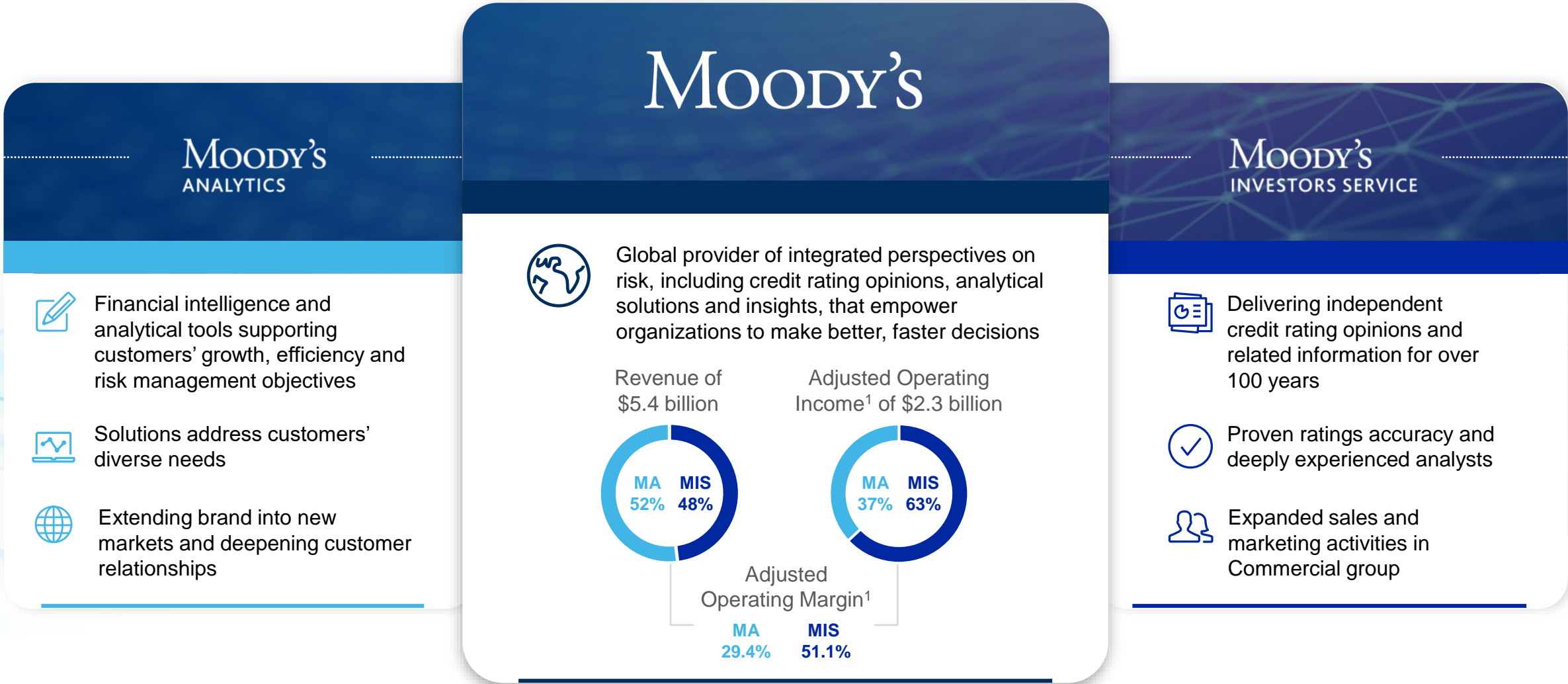
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Moody's Overview

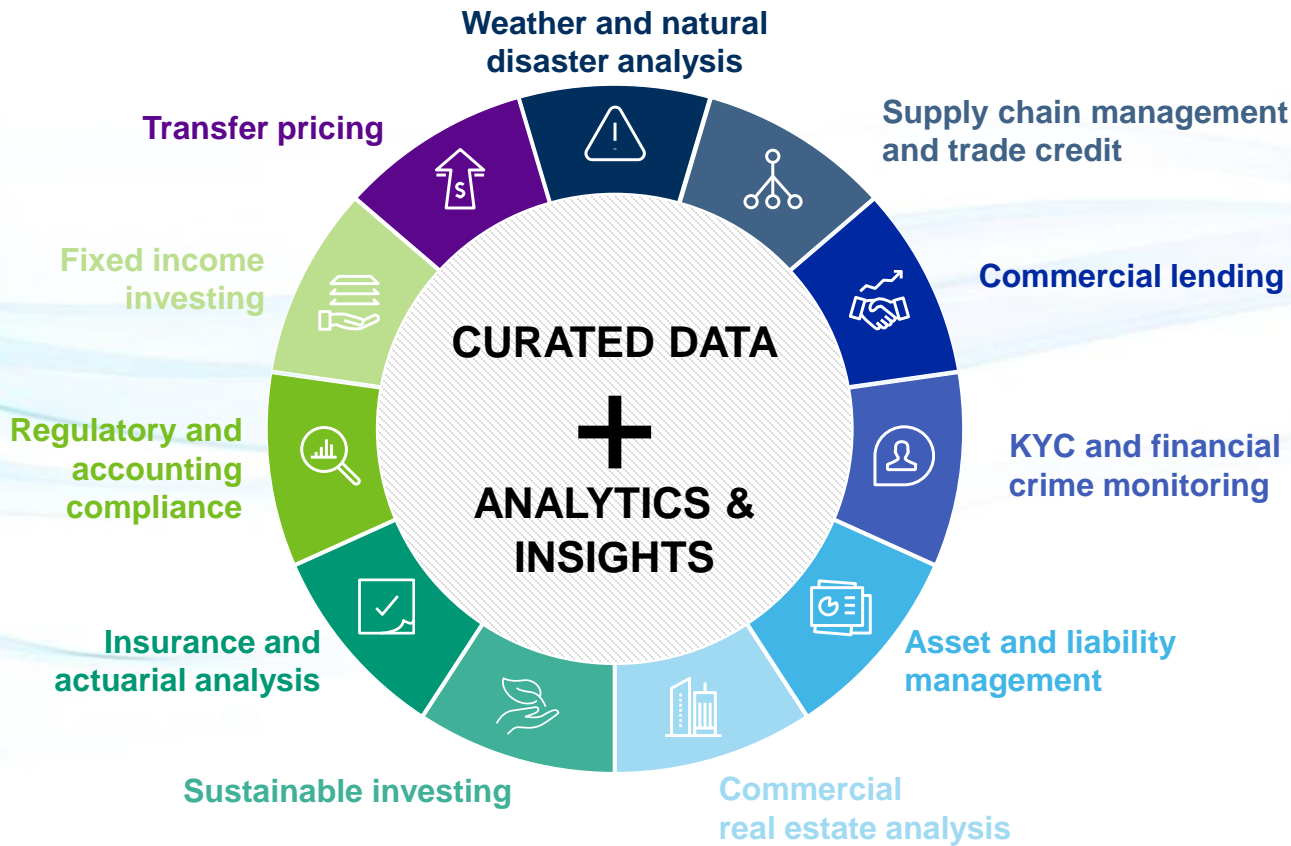
Company Overview



Note: Financial data for the trailing twelve months ended March 31, 2023.
1. Refer to the Appendix for reconciliations between all adjusted measures mentioned throughout this presentation and U.S. GAAP.

Moody's as an Integrated Risk Assessment Business

Selection of Use Cases Addressable by Moody's Solutions



Note: KYC = Know Your Customer.
1. Figures shown are as of March 31, 2023.

\$40B+

Current Addressable
Market



Helping customers make
BETTER DECISIONS

CURATED DATA¹



Entities
450+ million
public & private entities



Securities
~\$73 trillion
rated debt



Economies
550+ million
economic, financial, and
demographic time series



Properties
20+ million
commercial properties



People
17+ million
risk profiles



Physical risk
3+ million
scores on global
facilities

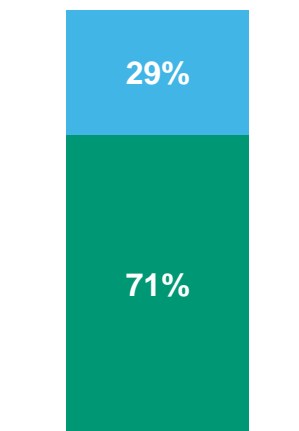
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Financial Overview

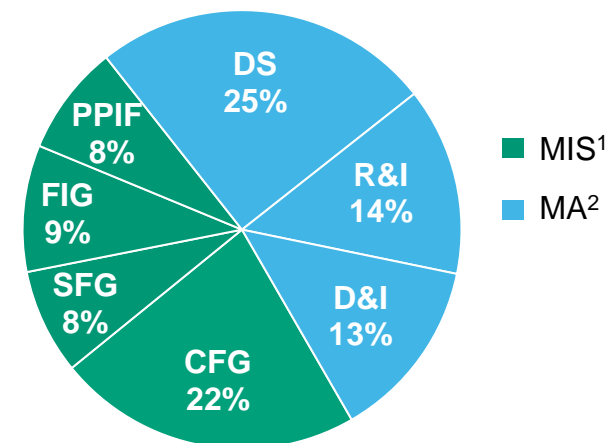
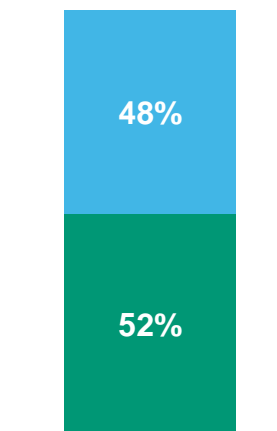
Moody's Corporation Financial Profile

1Q 2023 TTM Revenue: \$5.4 billion

■ Recurring ■ Transaction



■ U.S. ■ Non-U.S.



Full Year 2023 Guidance as of April 25, 2023³

Revenue	Increase in the mid-to-high-single-digit percent range	Diluted EPS	\$8.45 - \$8.95
Operating Expenses	Increase in the mid-single-digit percent range	Adjusted Diluted EPS	\$9.50 - \$10.00
Operating Margin	Approximately 37%	Operating Cash Flow	\$1.7 - \$1.9 billion
Adjusted Operating Margin	44% - 45%	Free Cash Flow	\$1.4 - \$1.6 billion
Interest Expense, Net	\$275 - \$295 million	Share Repurchases	Approximately \$250 million
Effective Tax Rate	15% - 17%		

1. Percentages may not sum to 100% due to rounding. Includes MIS Other, <1%; MIS Other consists of financial instruments pricing services in the Asia-Pacific region, ICRA non-ratings revenue, and revenue from professional services.

2. Percentages may not sum to 100% due to rounding.

3. Guidance as of April 25, 2023. Refer to Table 11 – “2023 Outlook” in the press release titled “Moody's Corporation Reports Results for First Quarter 2023” from April 25, 2023, for a complete list of guidance, reconciliations between adjusted measures and U.S. GAAP, as well as assumptions used by the Company with respect to its guidance.

Macro Assumptions Underpinning our FY 2023 Outlook

Macroeconomic Assumptions¹



Real GDP²

0.5% - 1.5% U.S.
0.0% - 1.0% Euro area
1.5% - 2.5% Global



Benchmark Rates & Credit Spreads

Global benchmark rates to remain elevated, with U.S. Fed funds rate peaking above 5%, followed by the potential for rate reductions in early 2024; U.S. high yield spreads to average ~500 bps, with periodic volatility



Inflation & Unemployment

Global inflation levels to decline, but remain above central bank targets (U.S.: ~5% average; large Euro area economies: ~6% average, with considerable variation among countries); U.S. unemployment rate to rise toward 5% by year-end



Default Rates

Global high yield default rate to rise to ~5% by year-end



FX Rates

\$1.24 and \$1.09 for the remainder of the year for GBP/USD and EUR/USD FX rates, respectively

TAILWINDS

Incremental monetary policy tightening cycle expected to end by mid-year as inflation eases in most countries



~\$4T of refinancing needs between 2023 and 2026



Dry powder at private equity firms



HEADWINDS



Stress in the global banking system highlights financial stability risks



Recessionary concerns



Ongoing geopolitical uncertainty, including resolution of the Russia-Ukraine military conflict










High cash levels on corporate balance sheets

Sources: Default rate and unemployment assumptions sourced from Moody's Investors Service "March 2023 Default Report", published April 14, 2023. High yield spreads, GDP, and inflation assumptions as of April 25, 2023, from Moody's Investors Service.

1. Guidance as of April 25, 2023. Refer to Table 11 – "2023 Outlook" in the press release titled "Moody's Corporation Reports Results for First Quarter 2023" from April 25, 2023, for a complete list of guidance, reconciliations between adjusted and U.S. GAAP, as well as assumptions used by the Company with respect to its guidance.

2. GDP represents rate of change in real GDP.

Medium-Term Guidance with 2022 Base Year¹

MEDIUM-TERM ^{2,3}		
	MCO Revenue	>
	MA Revenue	>
	MIS Revenue	>
	MCO Adjusted Operating Margin	>
	MA Adjusted Operating Margin	>
	MIS Adjusted Operating Margin	>
	MCO Adjusted Diluted EPS	>
<div>At least 10% growth</div> <div>Low-to-mid-teens % growth</div> <div>Low-to-mid-single-digit % growth</div> <div>Low-50s % range</div> <div>Mid-30s % range</div> <div>Low-60s % range</div> <div>Low-double-digit % growth</div>		

Note: Medium-term guidance refers to a time period within 5 years. Growth refers to average annualized growth over the time period.

1. As of January 31, 2023. Refer to slide 72 in the Appendix for details and assumptions with respect to medium-term guidance.

2. Assumes no material change in effective tax rate, foreign exchange rates, leverage profile and/or capital allocation policy.

3. Subject to available cash, market conditions, M&A opportunities and other ongoing capital allocation decisions.

Investment Criteria and Post-Acquisition Review



Clear Industrial Logic

Strategic fit, the most important factor, is the first screen



- » Complementary ratings, content, data, analytics, risk management, etc., in existing and / or high growth markets
- » Financial services and adjacent client base that can leverage Moody's brand, distribution, core credit expertise, and analytic capabilities
- » Preference for recurring revenue and low capital intensity



Disciplined Financial Targets

Long held, clear financial framework for external (and internal) investments



- » IRR at / above Moody's cost of capital
- » >10% annual cash return yield within 3-5 years
- » Cash payback within 7-9 years
- » Adjusted EPS accretive by year 2
- » Transactions evaluated on an unlevered basis







Post-Acquisition Review

Disciplined and rigorous monitoring post-close



- » Clear accountability with regular reporting to senior management and Board
- » Integrate within acquiring business unit while maintaining unique and / or entrepreneurial characteristics
- » Acquisition tracking for minimum of 3 years after close for substantive transactions

Successful Delivery of M&A

Capabilities Acquired	Ann't Date	Pre-Acquisition Growth ¹	Post-Acquisition Growth ²	Target ³	Performance
Climate & Natural Disaster Risk Modelling (RMS)	Aug 2021	LSD%	HSD - LDD%	Incremental \$150M revenue by 2025 Accretive to adjusted diluted EPS in 2024	<div>  ON TRACK Achieved 6% sales growth in 2022⁵ </div> <div>  EXCEEDED Accretive to FY 2022 adjusted diluted EPS </div>
Screening Capabilities (RDC, GRID)	Jan 2020	Mid-teens%	Mid-thirties%	Double sales to \$300M by 2023 ⁴	<div>  1 YEAR AHEAD OF PLAN Achieved \$300M target in 2022 </div>
Private Company Data (BvD, ORBIS)	May 2017	~10%	Mid-teens%	~\$80 million in synergies by 2021	<div>  EXCEEDED Over \$85M in synergies achieved by 2021 </div>

Note: LSD = low-single-digit; HSD = high-single-digit; LDD = low-double-digit.

1. Approximate three-year Revenue CAGR preceding the acquisition. RMS: 2018-2020; RDC: 2017-2019; BvD: 2014-2016.

2. RMS forecasted to generate \$150M in additional revenue, implying HSD – LDD growth, on average, through 2025; RDC and BvD revenue as of year end December 31, 2022.

3. RMS target announced on August 5, 2021. RDC/GRID target announced on February 12, 2020. BvD/ORBIS target announced on May 15, 2017.

4. Target includes BvD's compliance products.

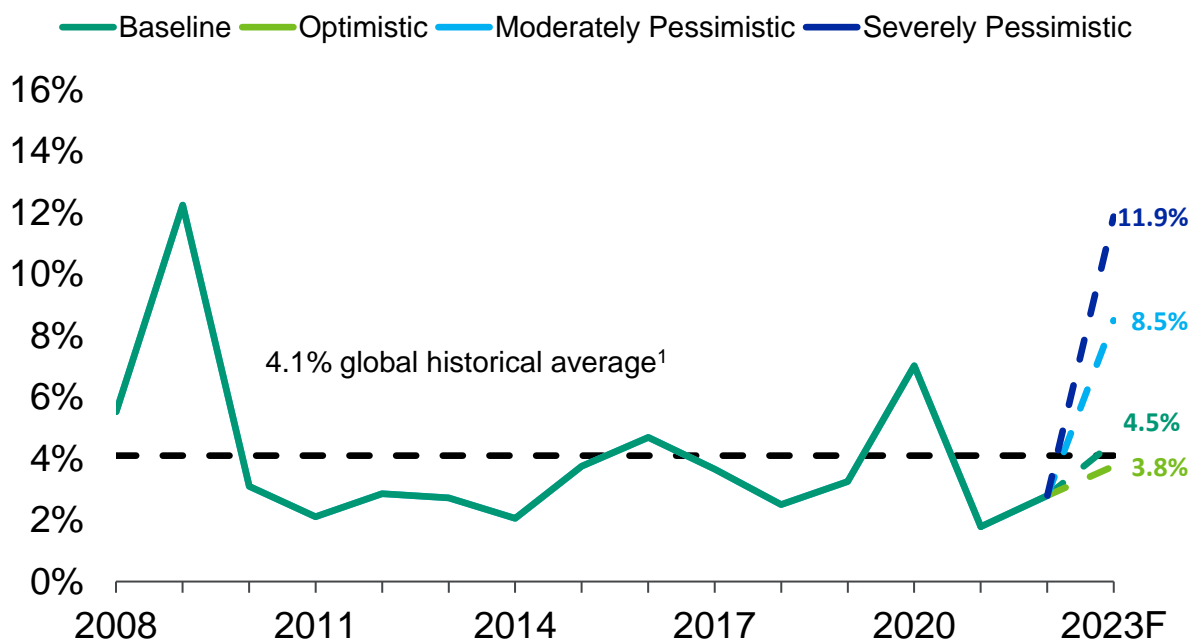
5. Includes synergies.

3

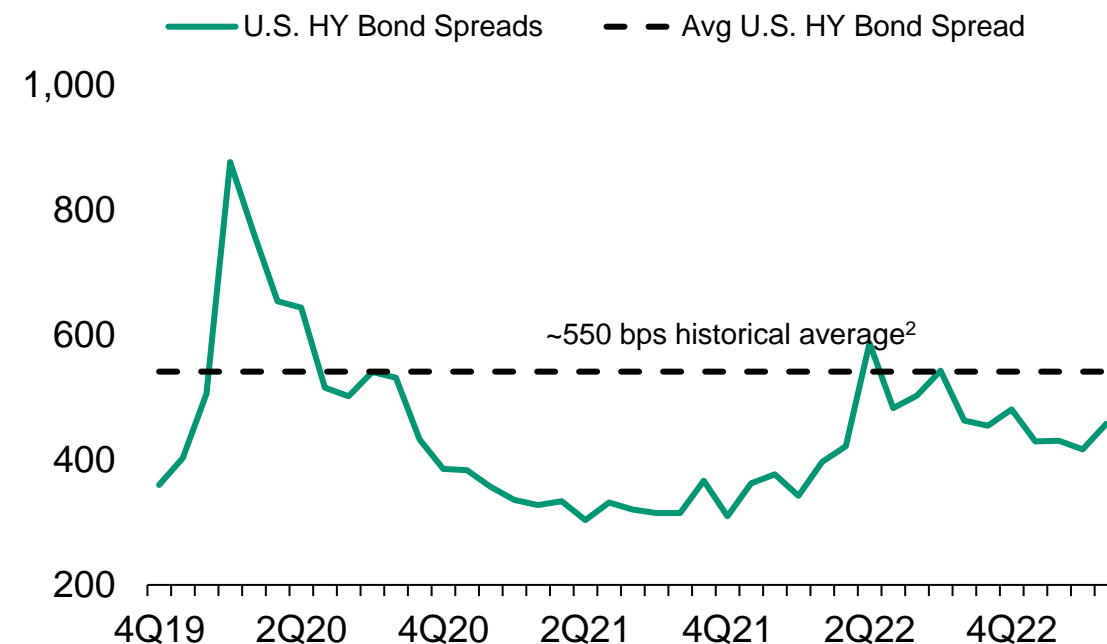
Capital Markets Overview

Default Rates Expected to Rise; High Yield Spreads Fluctuate Around Historical Average

Default Rates for Global Speculative-Grade Corporate Rated Issuance¹



U.S. HY Bond Spreads²



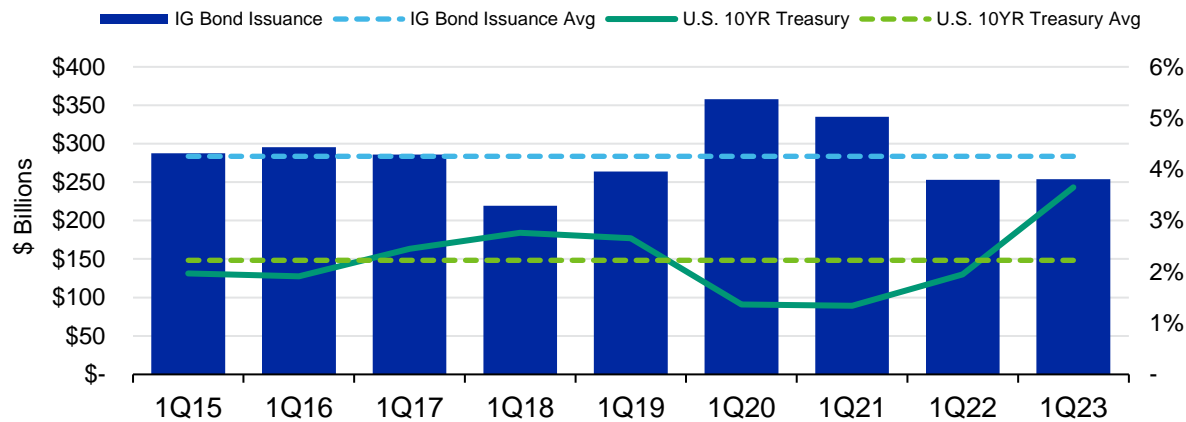
- » Global speculative-grade default rate expected to rise to 4.5% by year-end, slightly above long-term average but well below prior recessionary levels

1. Moody's rated corporate global speculative grade default historical average of 4.1% from 1983 through December 31, 2022. 2023 forecast ended December 31, 2023. Moody's Investors Service; [Default Trends – Global: April 2023 Default Report](#), May 14, 2023.

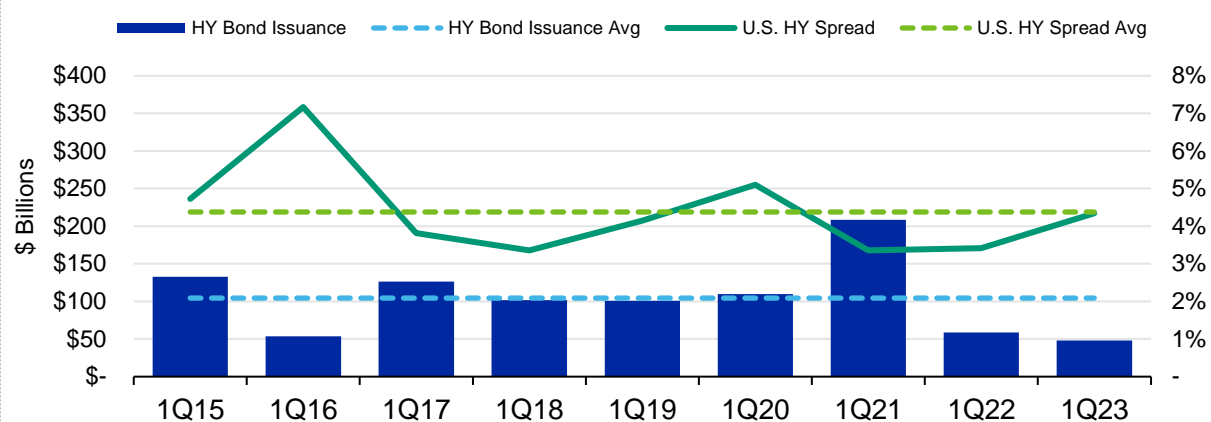
2. Reported data as of March 31, 2023. Bond spreads as of the last day of each month. Historical average is the daily bond spread average between December 31, 1996 – December 31, 2022. Source: St. Louis Fed Database.

MIS: Following Outsized Issuance in 2020 and 2021, Refinancing Needs Remain Significant

MIS-Rated Q1 Non-Financial Global Corporate Investment Grade (IG) Issuance

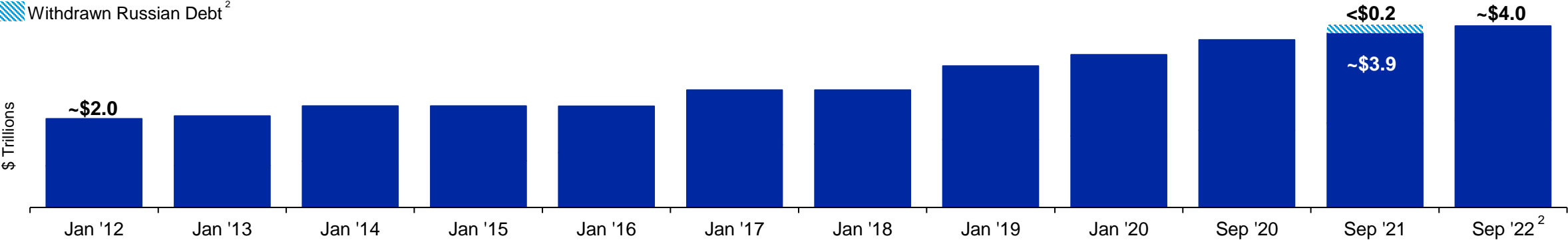


MIS-Rated Q1 Non-Financial Global Corporate High Yield (HY) Issuance



Four-Year U.S. and EMEA Non-Financial Corporate Refinancing Walls¹

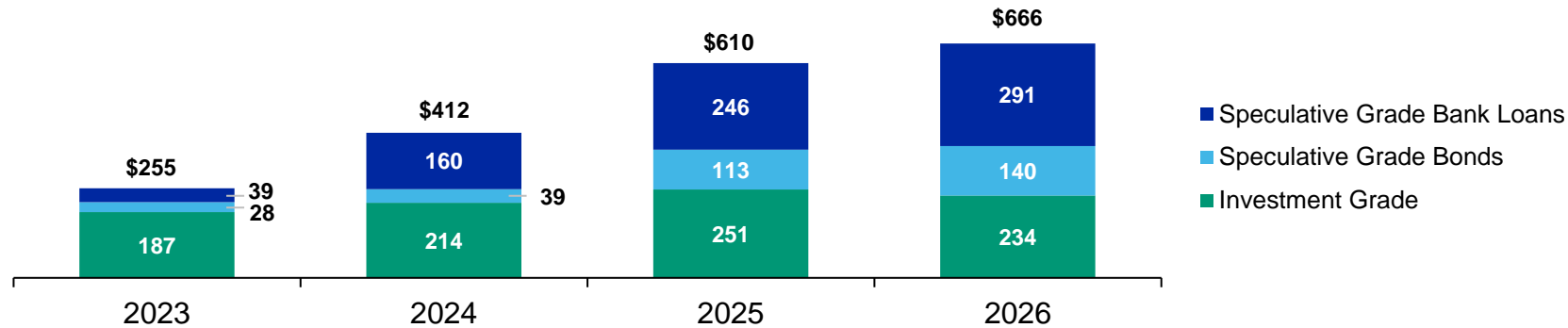
Withdrawn Russian Debt²



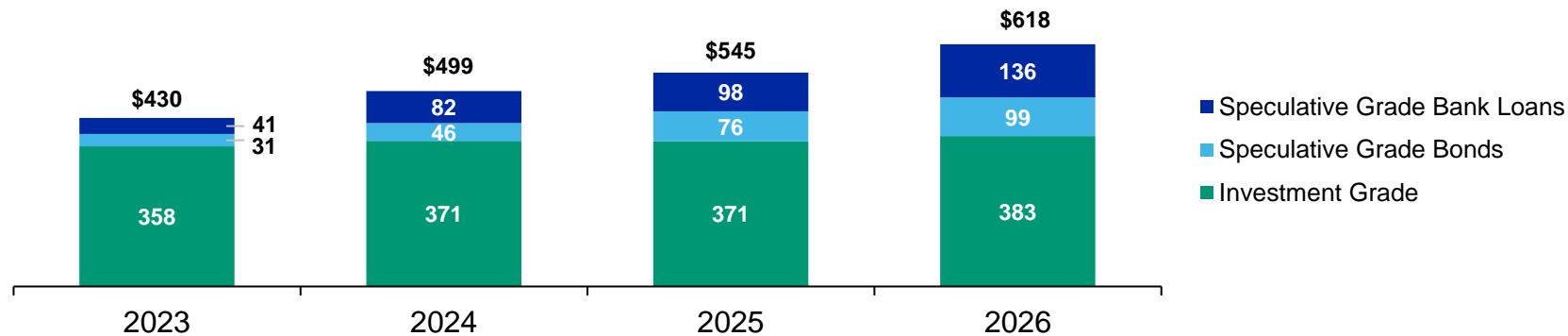
Sources: Moody's Investors Service, Moody's Analytics, and Dealogic.
1. Amounts reflect total MIS-rated U.S. non-financial corporate bond and loan maturities, in addition to EMEA non-financial corporate and infrastructure bond and loan maturities as defined in Moody's Investors Service's refunding needs reports (2012 – 2022). Each bar represents four-year refunding needs.
2. In March 2022, Moody's withdrew the ratings of Russian companies, resulting in a reduction of the refinancing wall.

Refunding Needs¹ Support MIS Long-term Fundamentals

Debt Maturities: U.S. Non-Financial Corporate Bonds and Loans (\$B)²



Debt Maturities: EMEA Non-Financial Corporate Bonds and Loans (\$B)³



- » Refinancing needs remain approximately flat compared to September 2021, totaling ~\$4T over the next four years
- » U.S. refunding needs remain slightly weighted towards leveraged finance issuers
- » EMEA refunding needs continue to be driven by investment grade issuers

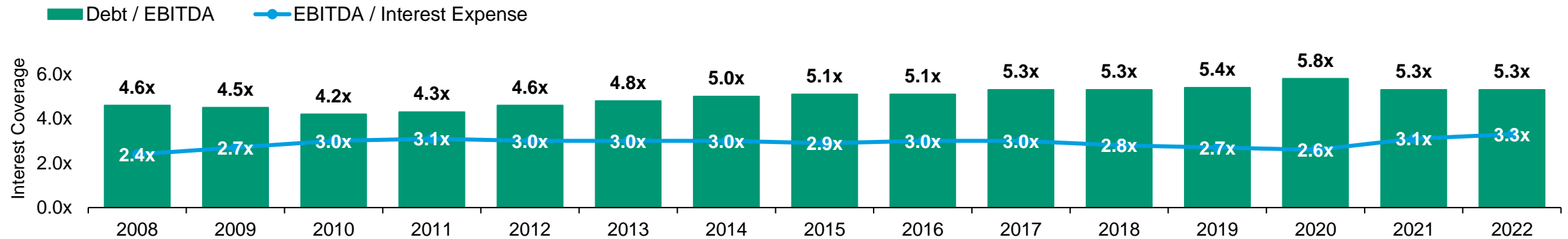
1. Non-financial corporates.

2. MIS-rated U.S. non-financial corporate bond and loan maturities as defined in Moody's Investors Service's refunding needs reports (2022). Total may not sum due to rounding.

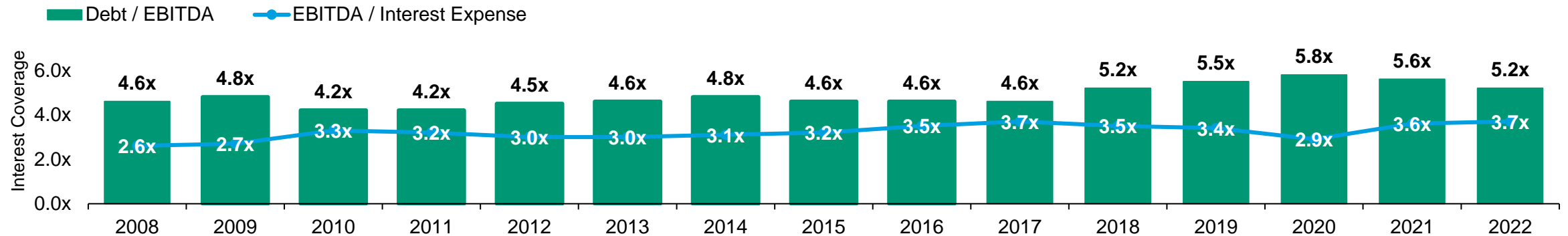
3. EMEA non-financial corporate and infrastructure bond and loan maturities as defined in Moody's Investors Service's refunding needs reports (2022). EMEA data is shown in USD, which appreciated against the EUR and GBP (the main reporting currencies) in the latest period under review. At constant 2021 exchange rates, Moody's estimates that reported EMEA debt in 2022 would be ~10% higher in USD amounts.

Debt Leverage and Interest Coverage in North America and Europe¹

Credit Metrics: North American Speculative Grade Companies



Credit Metrics: EMEA Speculative Grade Companies



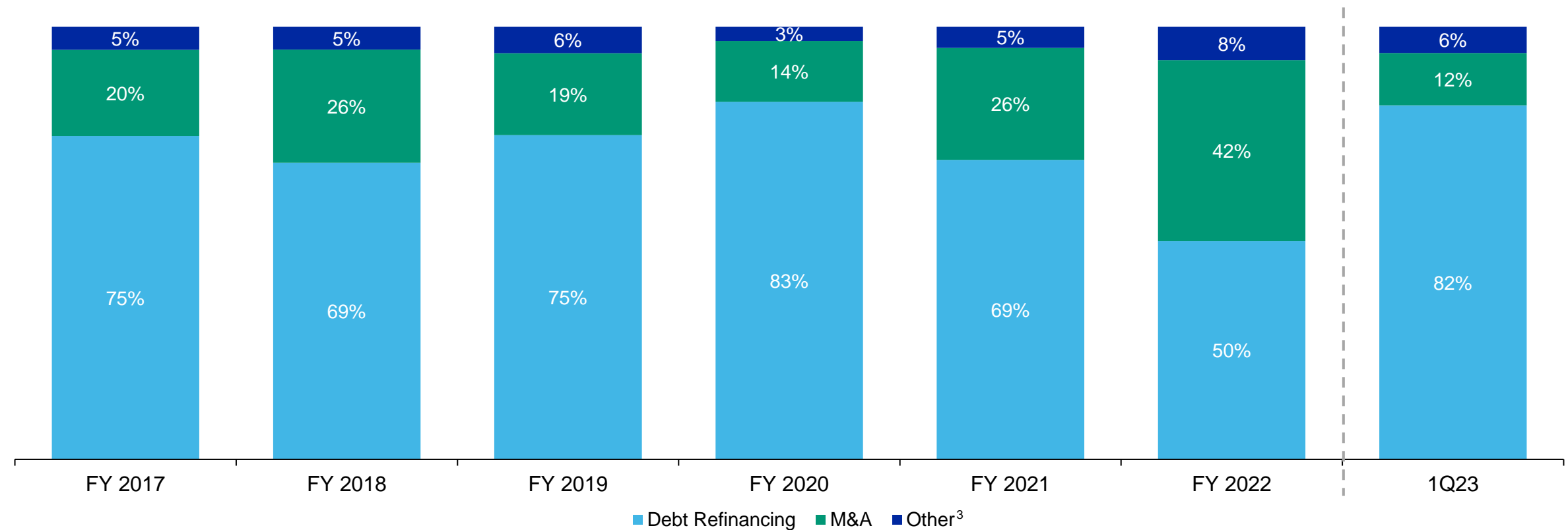
Source: Moody's Investors Service.

Note: Credit metrics are medians and historical figures may change due to timing differences in issuer reporting. Debt figures refer to gross debt.

1. Data as of May 18, 2023.

Leveraged Finance Activity Driven by Refinancing and M&A

Uses of Funds from USD High Yield Bonds and Bank Loans Issuance^{1,2}

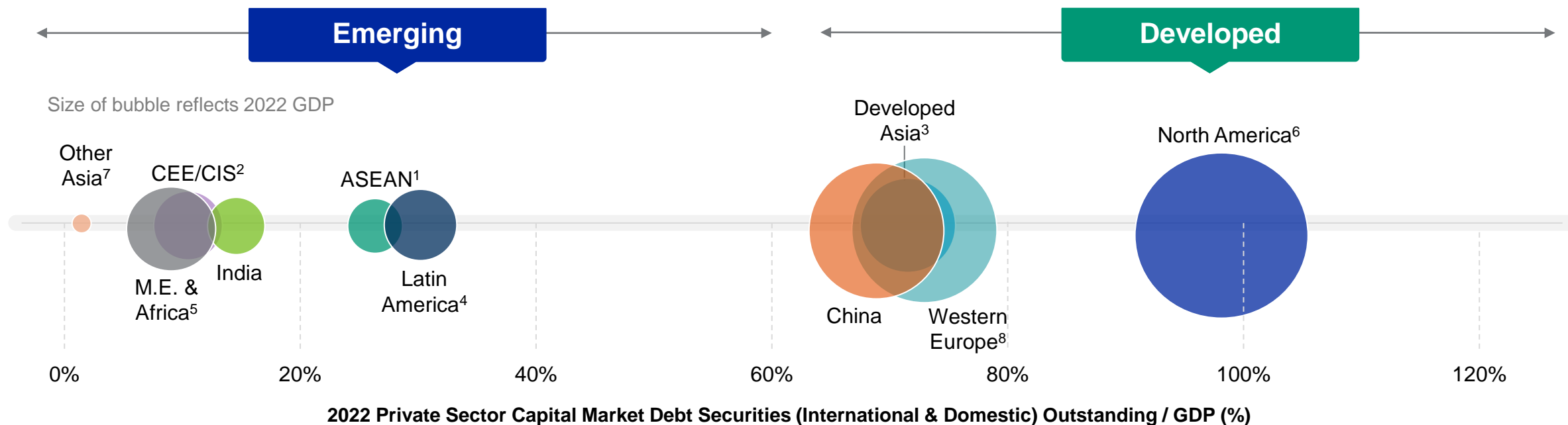


1. Percent of mentions for each respective period in bond issue or bank loan program tranche documents. Excludes issues of less than \$25 million and general corporate purposes. Historical data was restated on November 10, 2021, to reflect updated methodology. Percentages may not sum to 100% due to rounding. Source: Dealogic.

2. Reported data as of March 31, 2023.

3. Other includes Shareholder Payments, Working Capital and Capital Spending.

Debt Capital Market Penetration



- » Debt capital markets have historically grown faster than GDP
- » China is the second largest bond market and its size relative to GDP is approaching that of Developed Asia
- » Low interest rates and investor appetite have historically supported the development of bond markets in emerging economies; but the current higher inflation levels and tighter monetary policy will put further growth to a test

Sources: International Monetary Fund World Economic Outlook as of April 2023, Bank for International Settlements as of September 2022, Securities and Exchange Board of India, Moody's Investors Service.

Note: Includes non-financial corporates and financial institutions, excludes general government. Size of bubble reflects 2022 GDP in each region (U.S. dollars, current prices).

Regional definitions:

1. **ASEAN** = Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam. 2. **CEE/CIS** = Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Georgia, Hungary, Kazakhstan, Kosovo, Kyrgyz Republic, Moldova, Montenegro, North Macedonia, Poland, Romania, Russia, Serbia, Tajikistan, Turkey, Turkmenistan, Ukraine, Uzbekistan. 3. **Developed Asia** = Australia, Hong Kong, Japan, Macao, New Zealand, South Korea, Taiwan. 4. **Latin America** = Mexico, all Caribbean countries and South America. 5. **M.E. & Africa** = All African countries, Bahrain, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syria, United Arab Emirates, Yemen. 6. **North America** = Canada, United States. 7. **Other Asia** = Afghanistan, Bangladesh, Bhutan, Mongolia, Nepal, Pakistan, Sri Lanka, as well as all Oceania countries except for Australia and New Zealand. 8. **Western Europe** = All European countries except for those in CEE/CIS.

Private Credit Markets

OVERVIEW



- » Constitutes loans, bonds, and other credit instruments issued by private companies or in private offerings
- » Market has grown significantly since the 2007 – 2008 Global Financial Crisis
- » Most direct loans are small and unrated

RISK AND SUSTAINABILITY



- » Market has grown rapidly; remains opaque, lacking oversight and untested in current market cycle
- » Credit risk heightened by reduced transparency and rising leverage; industry concentrations key
- » Investors typically pay higher borrowing costs for execution and certainty in volatile markets

WHERE MOODY'S CAN ADD VALUE



- » Delivering MIS insightful thought leadership through research and active market engagement
- » Providing private ratings and independent credit assessments on loans and/or portfolios, in addition to ratings for private credit vehicles, such as Middle Market CLOs, BDCs and private credit funds, in anticipation of issuers coming to the public markets in the future
- » Expanding MA sales pipeline for portfolio and credit analysis products (e.g., RiskCalc™ and EDF)

Note: Private Debt FOF = Private Debt Fund of Funds; CLOs = Collateralized Loan Obligations; BDCs = Business Development Companies; EDF=Expected Default Frequency.

1. Source: Preqin, Q2 2022.

~\$1.2 Trillion¹



Large Direct Loans



Small Direct Loans



Distressed Debt



Special Situations



Mezzanine



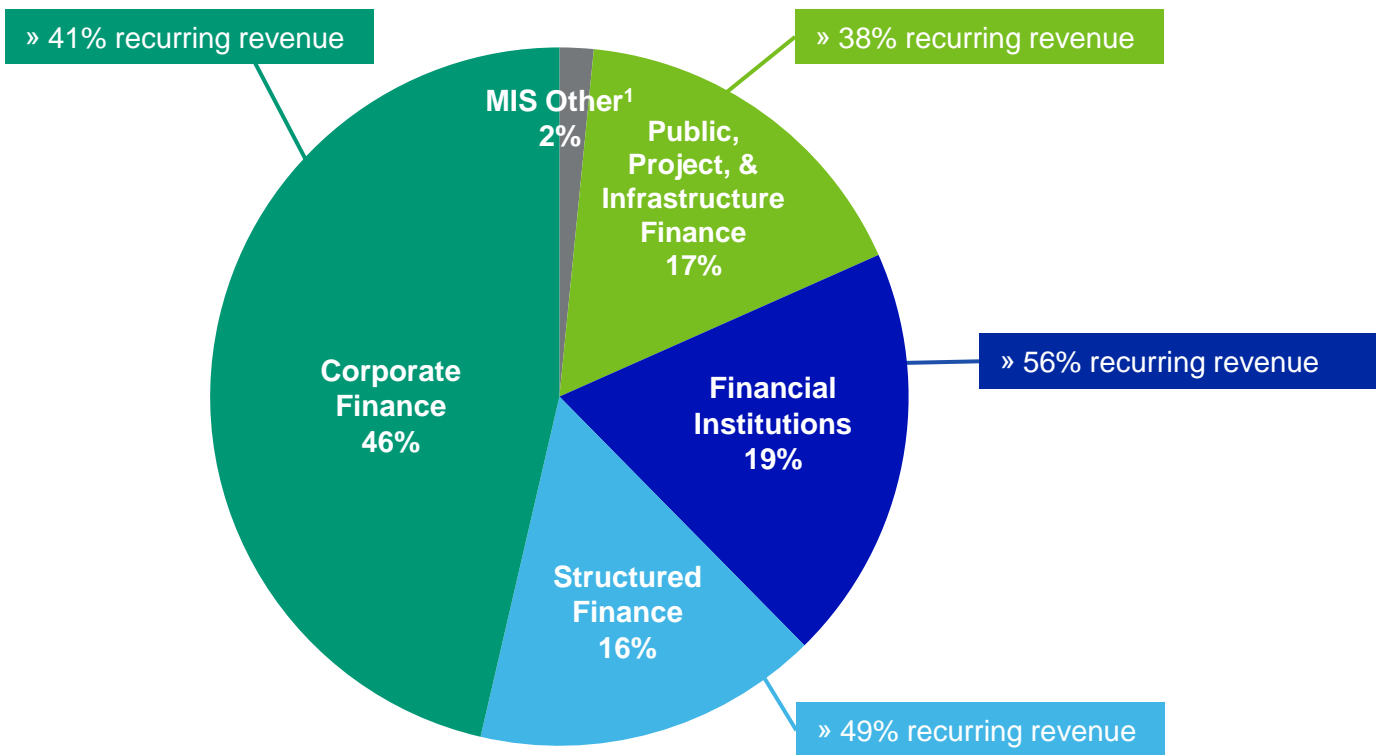
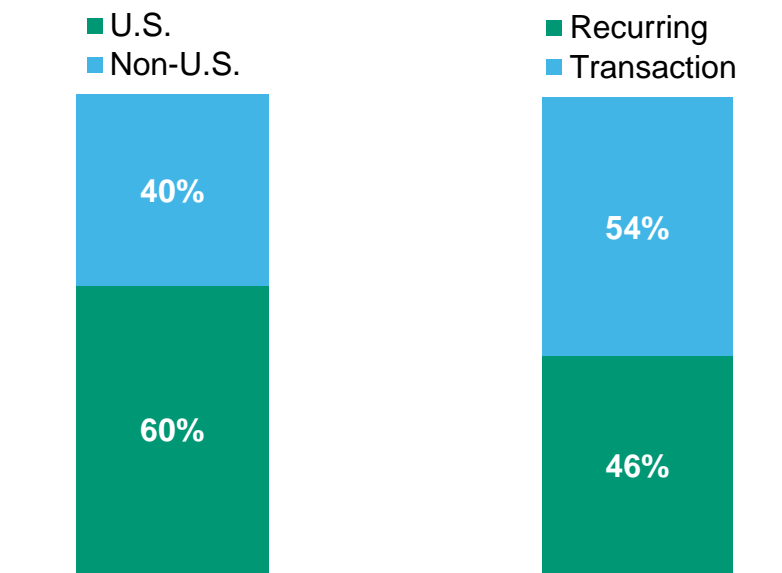
Venture and Private Debt FOF

4

Moody's Investors Service

Moody's Investors Service Financial Profile

1Q 2023 TTM Revenue: \$2.6 billion



Note: Percentages may not sum to 100% due to rounding.

1. Consists of financial instruments pricing services in the Asia-Pacific region, ICRA non-ratings revenue, and revenue from professional services.

Expecting Moderate Improvement in 2023 Issuance¹

2023 Issuance Factors



MACROECONOMICS & POLICY

- » Banking sector stress
- » Geopolitical risks
- » Energy, trade, climate, tax, and regulatory policies



INFLATION RATES & CENTRAL BANK ACTIONS

- » Inflation expectations, supply chain, and wage trends
- » Global monetary policy tightening cycle



CREDIT MARKETS

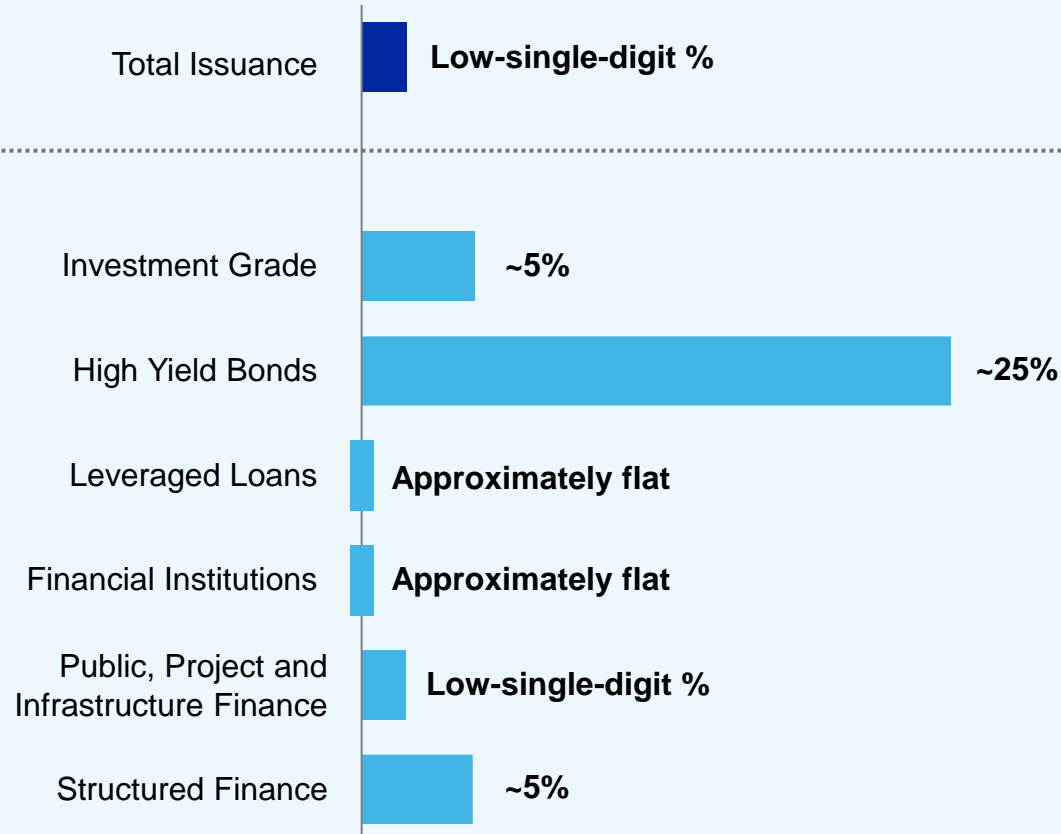
- » Liquidity, sentiment, and credit spreads
- » Credit performance and default rates
- » Private credit markets



GROWTH & INVESTMENT

- » Global GDP: recession or recovery
- » Private equity 'dry powder'

FY 2023 Issuance Outlook^{1,2}

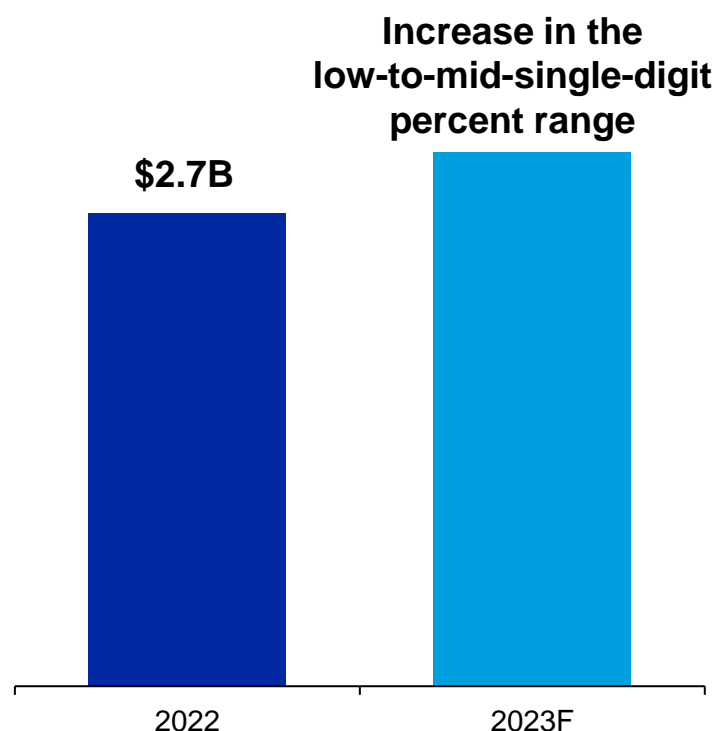


1. Guidance as of April 25, 2023. Refer to Table 11 – “2023 Outlook” in the press release titled “Moody’s Corporation Reports Results for First Quarter 2023” from April 25, 2023, for a complete list of guidance, reconciliations between adjusted measures and U.S. GAAP, as well as assumptions used by the Company with respect to its guidance.

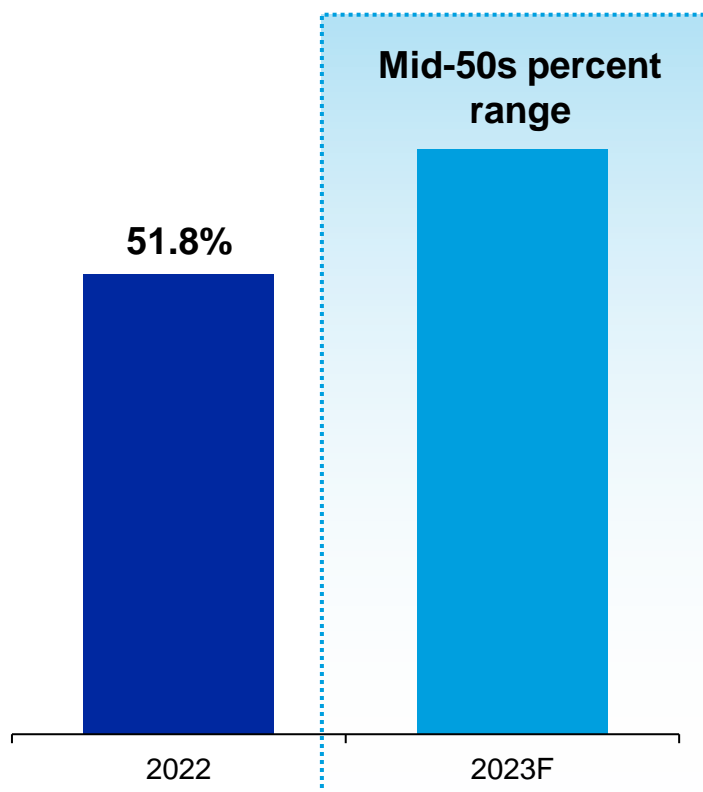
2. Total issuance includes CFG, SFG, FIG and PPIF. MIS-rated issuance excludes sovereign debt issuance. Issuance figures are subject to amendment given face amount variations that may occur following the reporting cycle.

Outlook Unchanged Due to Ongoing Market Uncertainty¹

Revenue



Adjusted Operating Margin

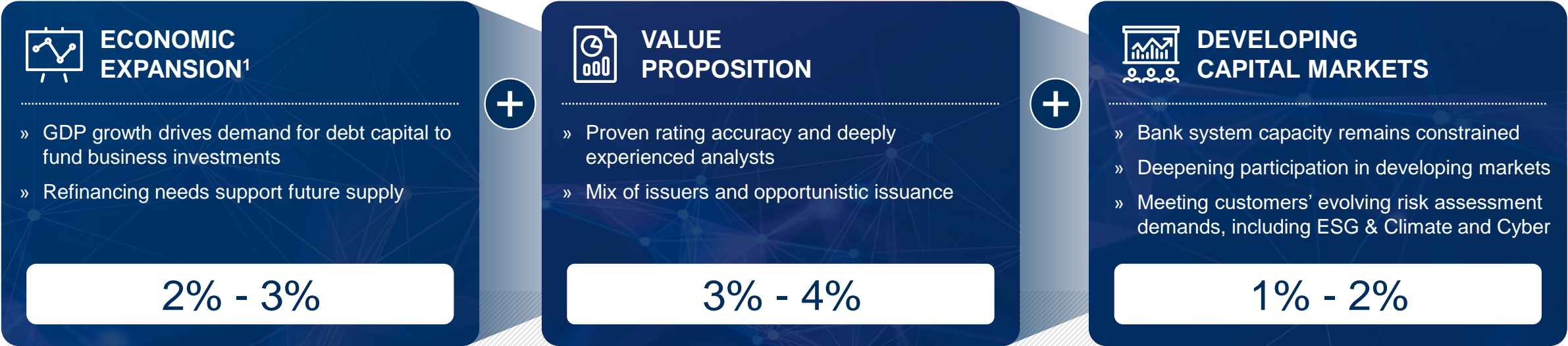


- » Inflationary and recessionary concerns, as well as bank stress, expected to impact capital market activity in the near-term, with a return to more normalized issuance levels in 2H 2023
- » Disciplined expense management; balancing operational efficiency with adequacy of resources to deliver quality mandates and ratings
- » Maintaining expectation for 600 to 700 first-time mandates

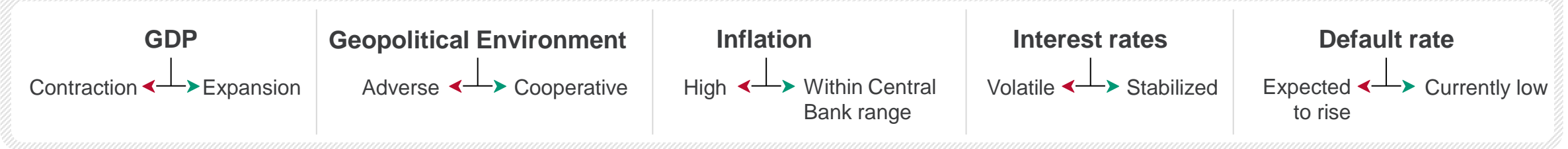
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MIS Long-term Revenue Growth Drivers Intact

LONG-TERM GROWTH BUILDING BLOCKS



CYCLICAL HEADWINDS & TAILWINDS



Note: Long-term growth building blocks presented on this slide are on average, over time.

1. Economic expansion represents rate of change in global real GDP.

The Benefits of a Moody's Rating

Investors seek Moody's opinions and particularly value the knowledge of its analysts and the depth of Moody's

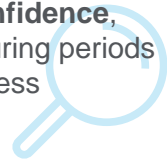
Access to capital

- » Moody's opinions on credit are used by institutional investors throughout the world, making an issuer's debt potentially more attractive to a wide range of buyers
- » A Moody's rating may facilitate access to both domestic and international debt capital



Transparency, credit comparison and market stability

- » Signals a willingness by issuers to be transparent and provides market participants with an independent assessment against which to compare creditworthiness
- » Moody's ratings and research reports may help to maintain investor confidence, especially during periods of market stress



Responsive to investor demand

- » Moody's is identified as the agency that best meets future needs for more than half its users globally¹



Planning and budgeting

- » May help issuers when formulating internal capital plans and funding strategies
- » An independent study has shown that adding a Moody's credit rating may lead to a reduction in borrowing costs²



Analytical capabilities

- » Among ratings advisors, Moody's enjoys a strong position and is well-recognized for the depth and breadth of its excellence³



1. 2021 Moody's Investor Perception Study.

2. Based on an independent study performed by BDO in June 2022 on a snapshot of data from January 31, 2022, which shows that a five-year \$500M bond with a Moody's credit rating (when rated at the same level as S&P and/or Fitch) has an ~13% lower Option Adjusted Spread (OAS), which results in a savings of ~65 basis points per year. The study only applied to corporate bonds and not to sovereign/quasi-sovereign/municipal or structured finance bonds. Many factors go into the pricing of a bond. OAS is the measurement of the credit spread of a fixed-income security rate and the risk-free rate of return (Treasury yields), adjusted for embedded options.

3. 2022 Moody's Global Intermediary Study conducted by Naxion.

Illustrative Impact of Adding a Moody's Credit Rating

Example: 5-year \$500 million corporate bond

Not Rated by Moody's	Bond	Rated by Moody's
\$500,000,000		\$500,000,000
1.20%	5-Yr US Treasury Bond Rate	1.20%
500	Option Adjusted Spread (bps) ¹	435
6.20%	Interest Rate	5.55%
= \$31,000,000	Annual Interest Payments	= \$27,750,000
5 years	Term	5 years
= \$155,000,000	Total Interest Expense over the Term	= \$138,750,000

**Over \$16 million in total interest expense
vs. cost of rating**

Note: Illustrative spread differential based on an independent study performed by BDO in June 2022 on a snapshot of data from January 31, 2022, which shows that a five-year \$500M bond with a Moody's credit rating (when rated at the same level as S&P and/or Fitch) has an ~13% lower Option Adjusted Spread (OAS), which results in a savings of ~65 basis points per year. The study only applies to corporate bonds and not to sovereign/quasi-sovereign/municipal or structured finance bonds. Many factors go into the pricing of a bond.

1. OAS is the measurement of the credit spread of a fixed-income security rate and the risk-free rate of return (Treasury yields), adjusted for embedded options.

FACTS & FIGURES

Full Year 2022

33,900+

Rated Organizations and Structured Deals

5,100+

Non-Financial
Corporates



3,400+

Financial
Institutions



15,100+

US Public
Finance Issuers



8,600+

Structured
Finance Deals



1,000+

Infrastructure &
Project Finance Issuers



340+

Sub-Sovereigns



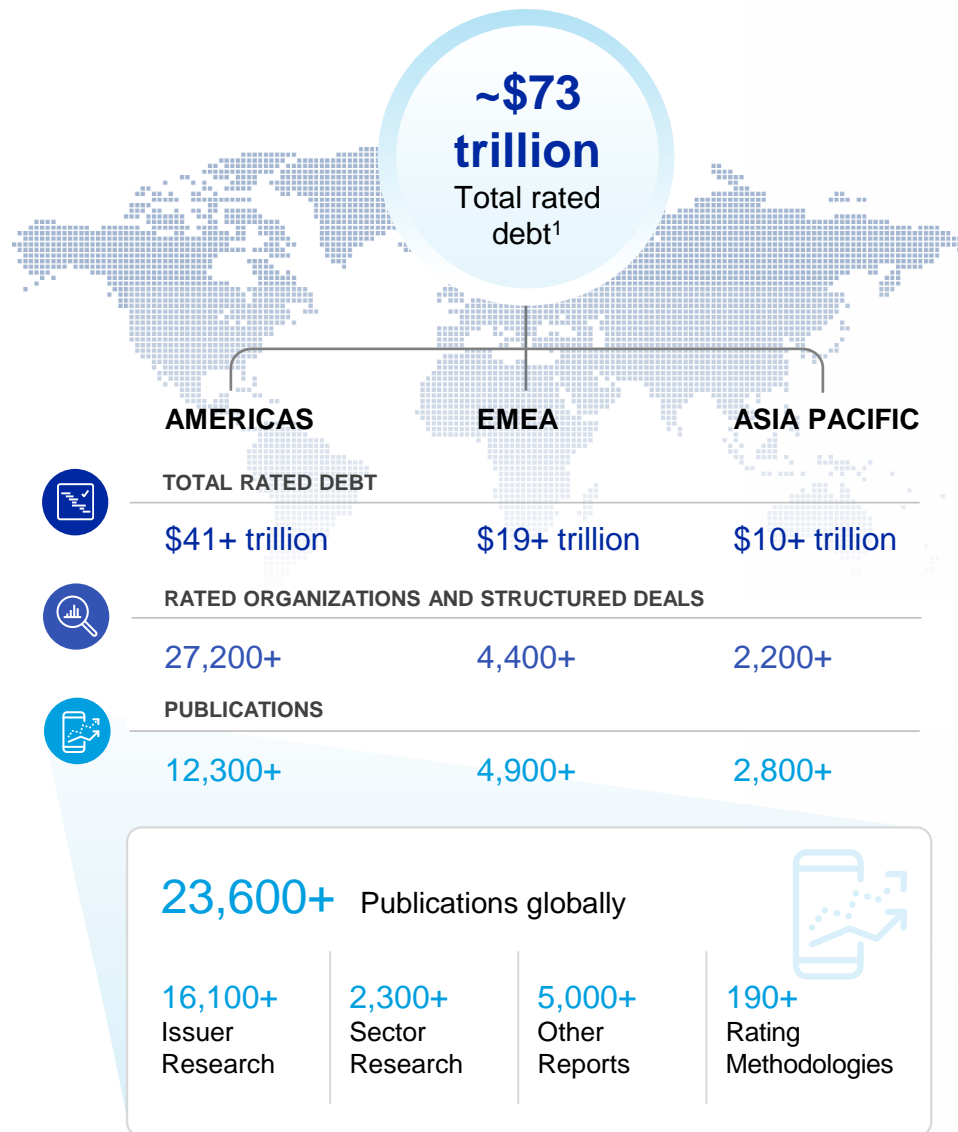
144

Sovereigns*



46

Supranational
Institutions*



Source: Moody's Investors Service as of January 1, 2023.

Research and Events data covers the period January 1, 2022 to December 31, 2022.

Publications breakdown includes "Global" which accounts for an additional 3,600+ publications.

All numbers are rounded other than those marked *.

1. Regional breakdown excludes supranational debt and is rounded, therefore will not foot to the ~\$73 trillion.



1,700+
Analysts

40+

Countries/Regions



EVENTS

610+

Global events



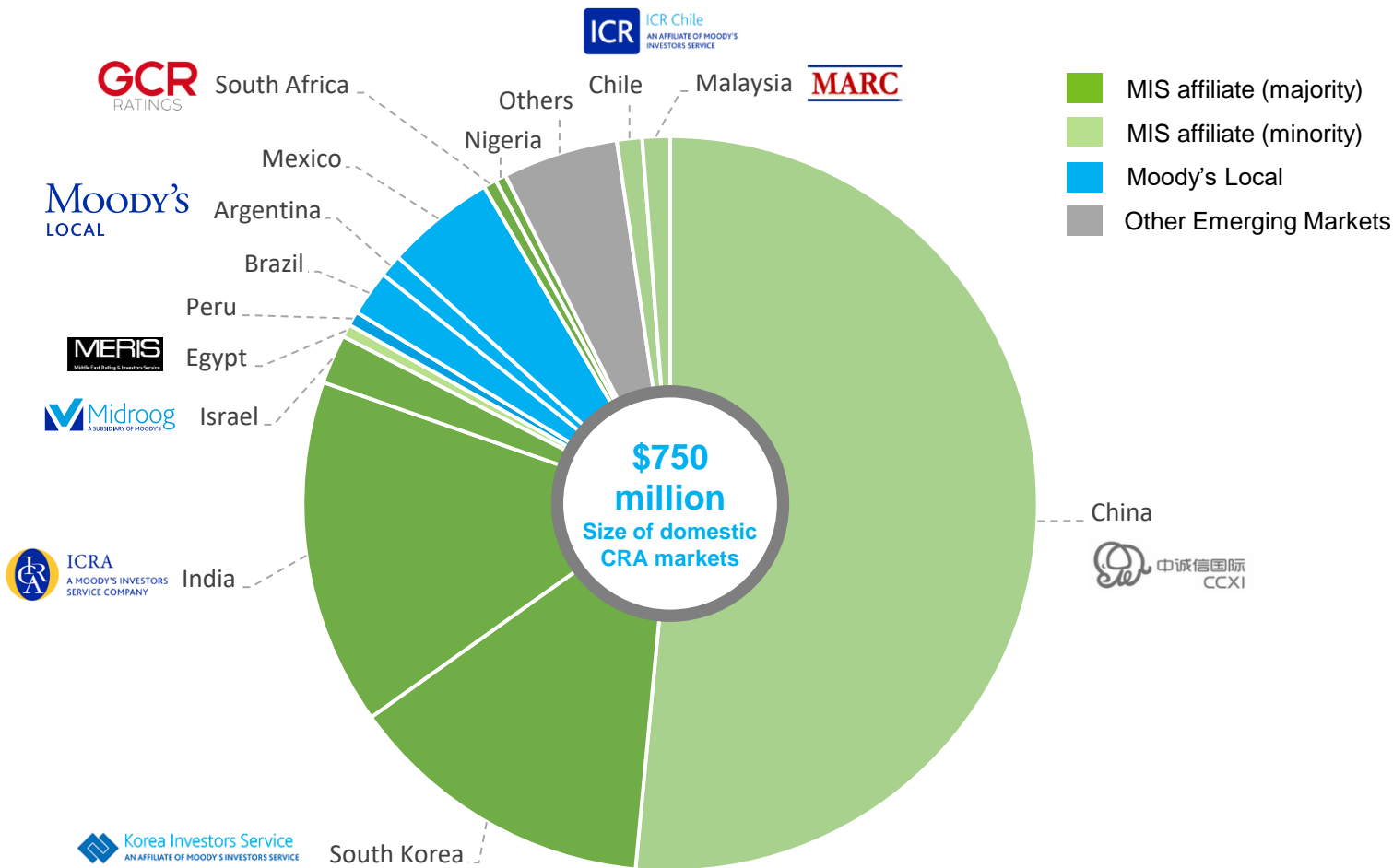
51,000+

Global participants

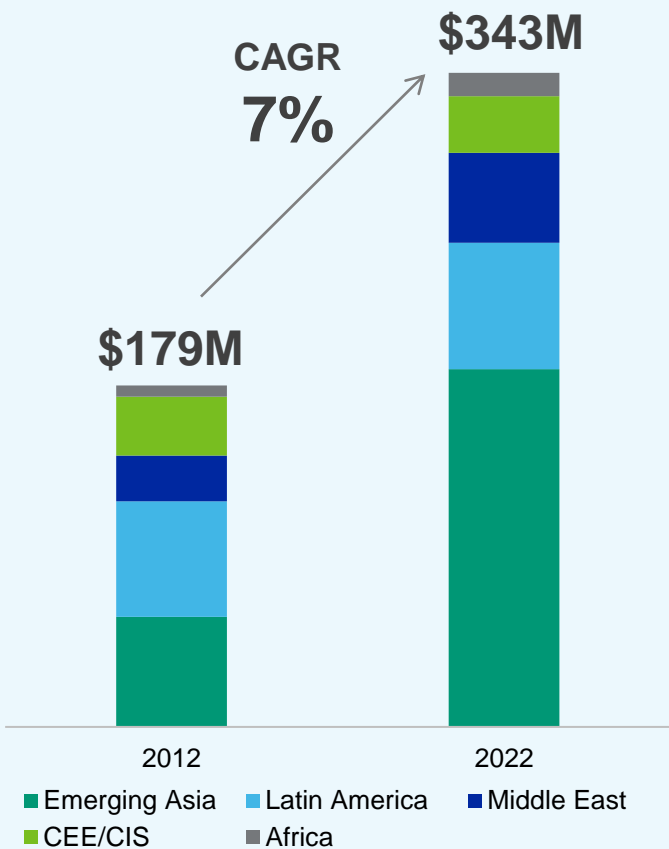
**AWARDS &
RECOGNITION**

Award-winning expertise in credit ratings, research and risk analysis. For more information, visit awards.moody.io

How we Participate in Global Domestic Markets



MIS Emerging Markets Revenue¹



Note: Size of pie represents the estimated total CRA revenue from domestic markets (\$750 million) as of December 31, 2022.

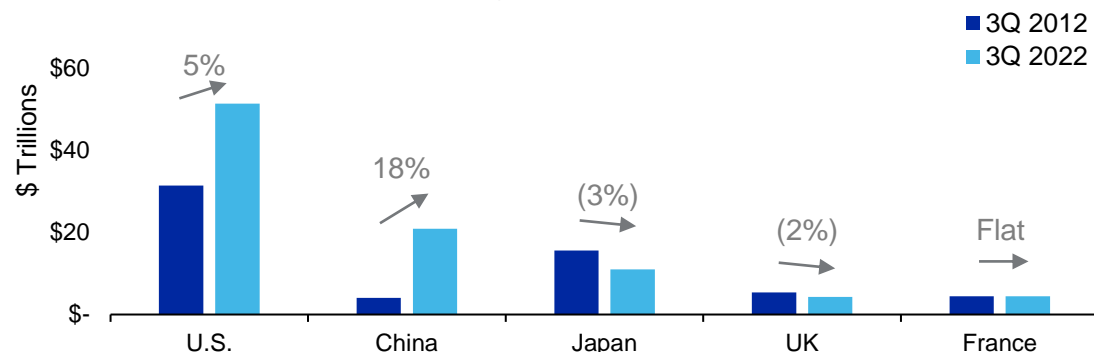
Note: In April 2022, Moody's acquired Class y Asociados S.A. Clasificadora de Riesgo (Class), a leading credit rating agency in Peru. In May 2022, Moody's acquired a majority (51%) stake in Global Credit Rating Company Limited (GCR), a leading credit rating agency in Africa. In December 2022, Moody's announced it has agreed to acquire SCRiesgo, a leading group of local credit rating agencies serving domestic financial markets in Central America and the Dominican Republic.

1. Includes revenue from cross border issuance. Refer to slide 19 titled "Debt Capital Market Penetration Continues" for regional definitions. Emerging Asia includes China and India.

Moody's in Greater China

2nd Largest Onshore Bond Market at ~\$22 Trillion

Total debt securities outstanding 3Q 2012 - 3Q 2022

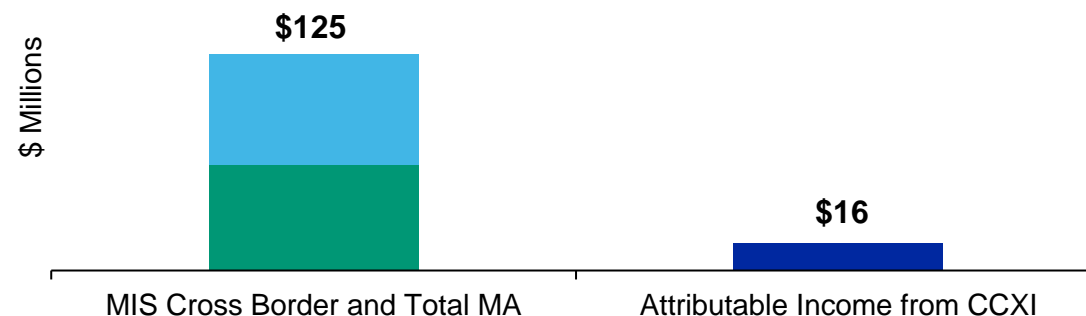


Domestic and Cross Border³

- » **Moody's participates directly** in the cross-border China issuance market through MIS **and in the domestic market** through a 30% interest in CCXI
- » **Long-term growth prospects** enabled by **participation** in the ongoing development of China's domestic credit markets
- » **Continuing to foster constructive relationships** and partnerships with issuers, regulators, and other market participants

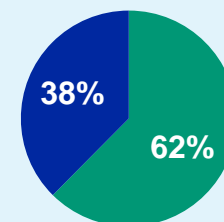
Revenue and Attributable Income from China²

■ MIS Cross Border Revenue ■ Total MA Revenue ■ Attributable Income from CCXI



FY 2022 Cross Border Market
Rated Issuance Volume

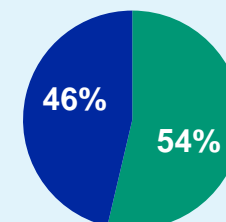
\$66B⁴



■ Rest of Market ■ Moody's Coverage

FY 2022 Domestic Market
Rated Issuance Volume

~\$1.0T⁵



■ Rest of Market ■ CCXI's Coverage

1. Percentage growth numbers are rounded compound annual growth calculations from September 30, 2012 to September 30, 2022. Source: Bank for International Settlements' latest data available as of March 31, 2023.
2. Greater China: Mainland, Hong Kong and Macau. Revenue and attributable income data for full year 2022. Source: Bank for International Settlements' latest data available as of March 31, 2023.
3. Source for Cross Border Market Issuance: Dealogic, excludes Structured Finance, Sovereign/Sub-Sovereign entities, policy banks and Special Purpose Vehicles (SPVs).
4. The percentages displayed in the pie chart represent the coverage of the total ratings opportunity (as debt issuances can bear two or more ratings). In 2021, Moody's rated approximately 67% of the cross-border debt issued by Chinese entities.
5. Source for Domestic Market Issuance: WIND, excludes Structured Finance, Government debt, Private Placement Notes (PPN) and Negotiable Certificates of Deposit (NCDs). USD 1 = RMB 6.72 average exchange rate in 2022 is used for conversion. Percentages based on issuance volume; percentages were based on deal count in prior presentations.

5

Moody's Analytics

Integrated Risk Assessment Strategy Delivers Impressive Results



LEVERAGING UNMATCHED CAPABILITIES

Extensive, Uniquely
Curated, Proprietary Data

Rich Product
Development Program

World-class Sales &
Distribution Force

Track Record of
Successful Acquisitions



DEEP MARKET CURRENTS

Outpacing Competitors in
\$30B+ Current Addressable
Market¹

Increasing Demand to
Understand Risk and
Resiliency

Digitization and
Transformation Trends
Across Industries



DELIVERING RESULTS

ARR²
10%

RETENTION RATE³
90%+

ADJUSTED OPERATING MARGIN³
28.9%

2023F GUIDANCE⁴
MEETS RULE OF 40



61
Quarters of
Consecutive
Revenue Growth

INTEGRATED RISK STRATEGY: Combining data, analytics and software to decode risk and unlock opportunity for customers

1. Sources: Moody's estimates, company annual reports, IDC, Gartner, Pitchbook, Opimas, ESG - Global Sustainable Investment Alliance, and industry experts. As of December 31, 2021.

2. ARR growth as of March 31, 2023. Refer to the Appendix for the definition of and further information on ARR. ARR excludes the impact of foreign currency translation.

3. For quarter ended March 31, 2023.

4. Rule of 40 metric calculated by adding Annualized Recurring Revenue Growth to Adjusted Operating Margin. Guidance as of April 25, 2023. Refer to Table 11 – "2023 Outlook" in the press release titled "Moody's Corporation Reports Results for First Quarter 2023" from April 25, 2023, for a complete list of guidance, reconciliations between adjusted measures and U.S. GAAP, as well as assumptions used by the Company with respect to its guidance.

Diverse Customer Base Across Multiple Sectors¹

70%

of the Fortune 100²

52%

of the Forbes 1,000³



15,200+

Customers



165+

Countries



4,400+

Corporates



900+

Insurance Companies



2,600+

Commercial Banks



900+

Real Estate Entities



2,300+

Professional Services



600+

Educational Institutions



1,900+

Asset Managers



200+

Securities Dealers and
Investment Banks



900+

Government Entities



500+

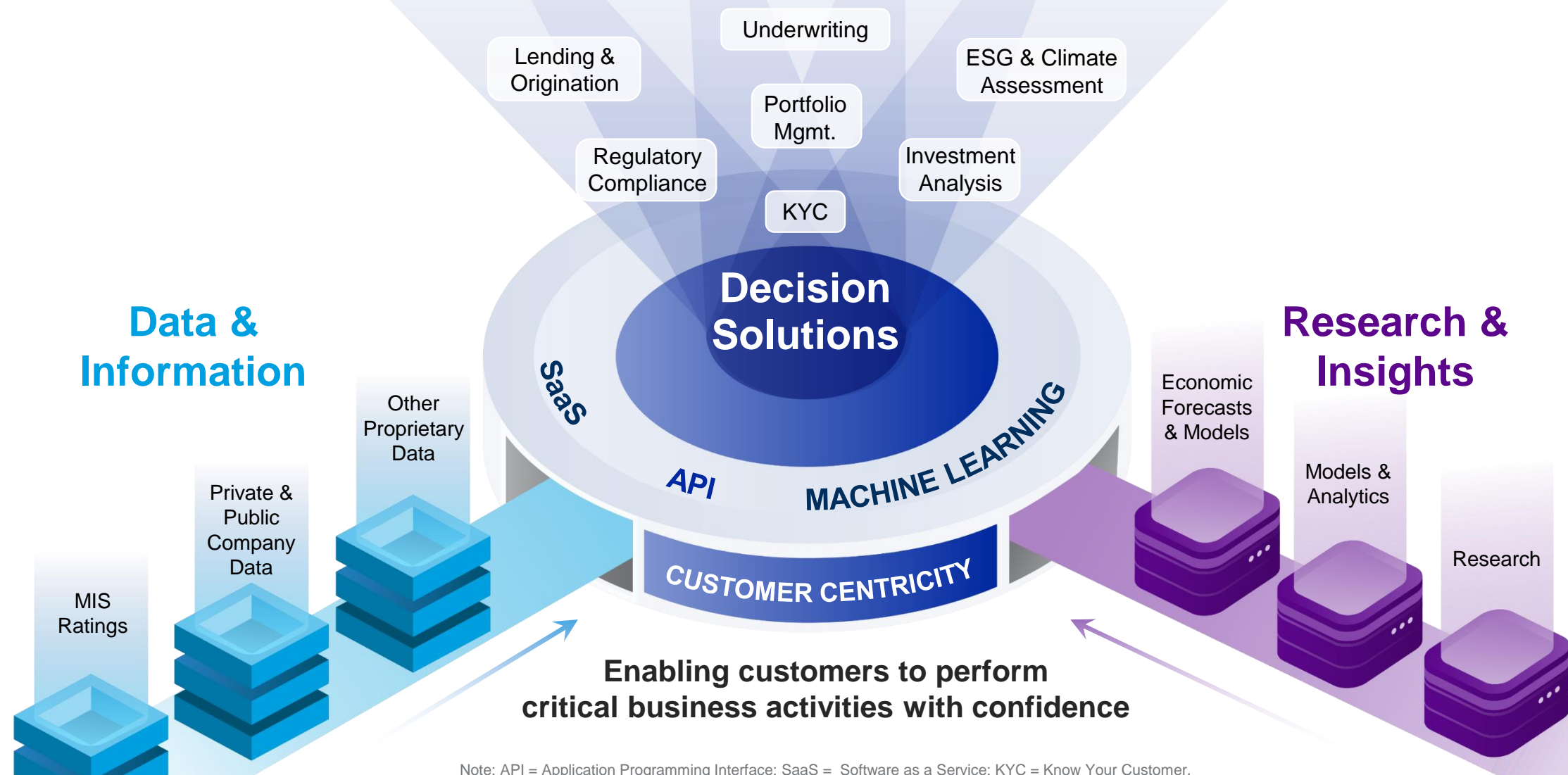
Others

1. As of December 31, 2022.

2. Based on the top 100 of Fortune Magazine's rank of 500 of the largest United States corporations by total revenue, 2022.

3. Based on the top 1,000 of 'Forbes Global 2,000 List' of the world's biggest and most powerful companies, as measured by a composite ranking for sales, profits, assets, and market value, 2022.

Assembling and Integrating Capabilities



Note: API = Application Programming Interface; SaaS = Software as a Service; KYC = Know Your Customer.

Data & Information Snapshot

Raw ingredients for unique insights

- » Create and aggregate extensive data from multiple sources
- » Standardize, cleanse and curate data
- » Distribute through cloud-based platforms, APIs and other web interfaces

DATA SETS INCLUDE

Data feeds from the MIS ratings process

Firmographic data on 450M+ public and private entities

45M+ private firms with financial statements

1.7B+ entity ownership and hierarchical links

Curated real-time multimedia news with ~800K articles screened each day, enriched with entity, category and other signal data

Curated Data



Expertise



Better Decisions



\$722M

REVENUE



9%

ARR GROWTH¹



100%

RECURRING
REVENUE



94%

RETENTION RATE

Note: API = Application Programming Interface. Financial data for the trailing twelve months ended March 31, 2023.

1. Growth refers to average Annualized Recurring Revenue growth ending March 31, 2023.

Research & Insights Snapshot

Generating actionable insights

- » Model and measure risks related to credit, financial, climate, operational, cyber and others
- » Forecast and benchmark micro and macroeconomic implications
- » Provide valuable insights and opinions that inform global decision makers

CAPABILITIES INCLUDE

Economic forecasts and scenarios (including climate-conditioned forecasts) based on 550M+ data series

Credit scores on 450M+ companies and ESG scores on ~300M companies globally

Credit risk performance for 150M+ mortgages, leveraging 7B+ data points

Curated Data



Expertise



Better Decisions

Note: Financial data for the trailing twelve months ended March 31, 2023.

1. Growth refers to average Annualized Recurring Revenue growth ending March 31, 2023.



\$745M

REVENUE



9%

ARR GROWTH¹



99%

RECURRING
REVENUE



96%

RETENTION RATE

Decision Solutions Snapshot

Integrating best-in-class data and analytics

- » Integrate and connect data, research and analytics for enriching customer applications
- » Build and support software for specific customer workflows
- » Embedded components in external ecosystems

SOLUTIONS INCLUDE

SELECT USE CASES

Screening & Insights

Know Your Customer

Lending & Origination

Insurance underwriting

Portfolio Management

Asset liability management

Curated Data



Expertise



Better Decisions

Note: Financial data for trailing twelve months ended March 31, 2023.

1. Growth refers to average Annualized Recurring Revenue growth ending March 31, 2023.

2. Retention rate excludes acquisitions of RealXData, and ZM Financial.



\$1,344M

REVENUE



11%

ARR GROWTH¹



88%

RECURRING
REVENUE

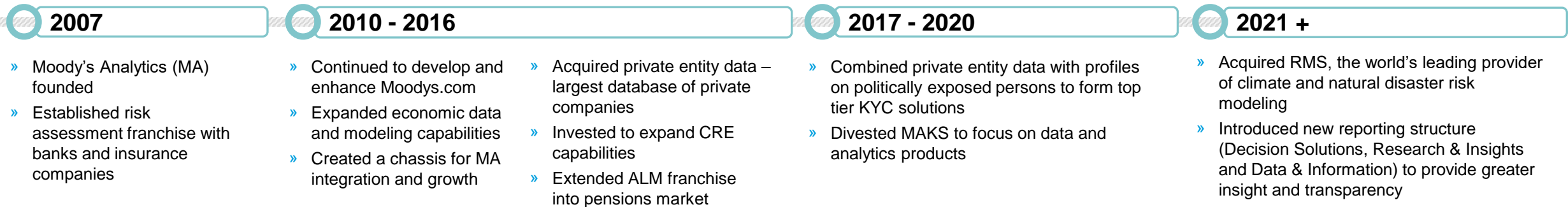
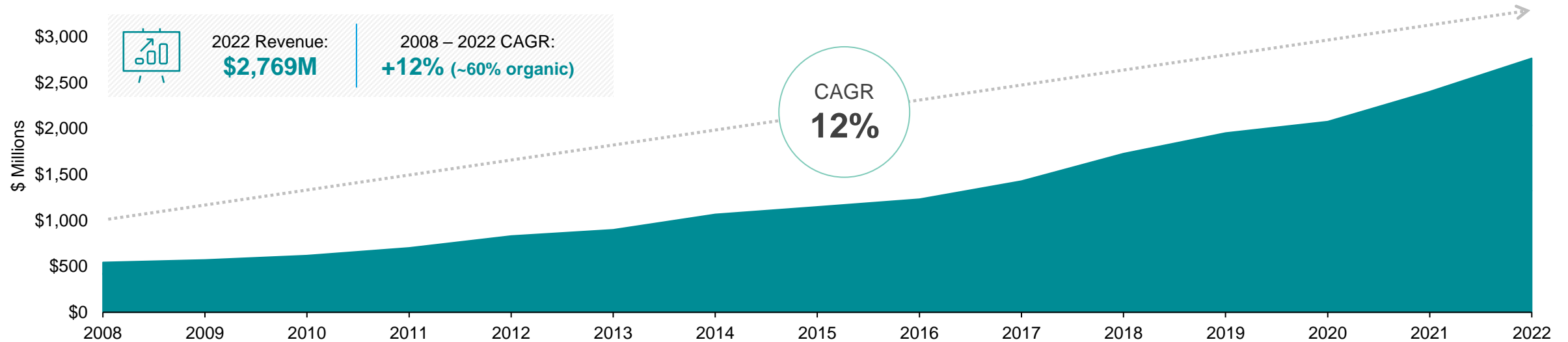


92%

RETENTION RATE²

Strong Execution Enables Consistent Revenue Growth

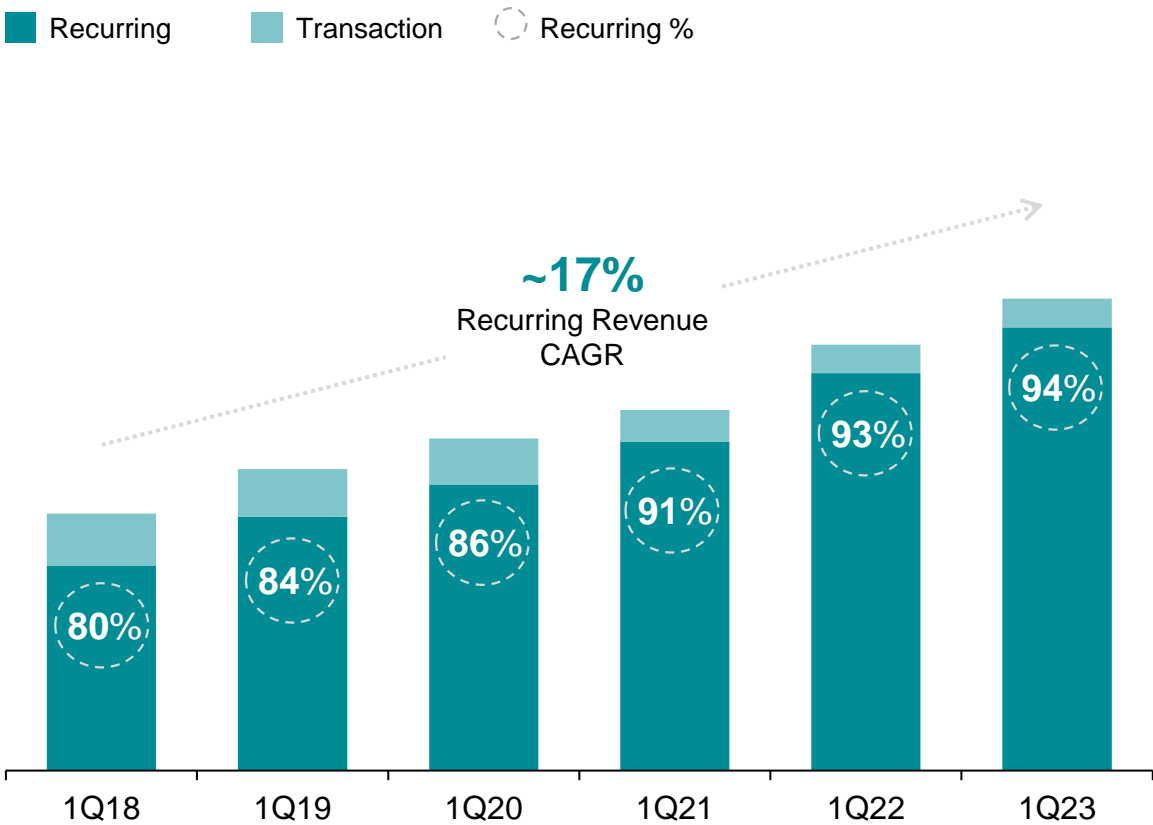
Exceptional value creation - revenue has more than tripled since inception



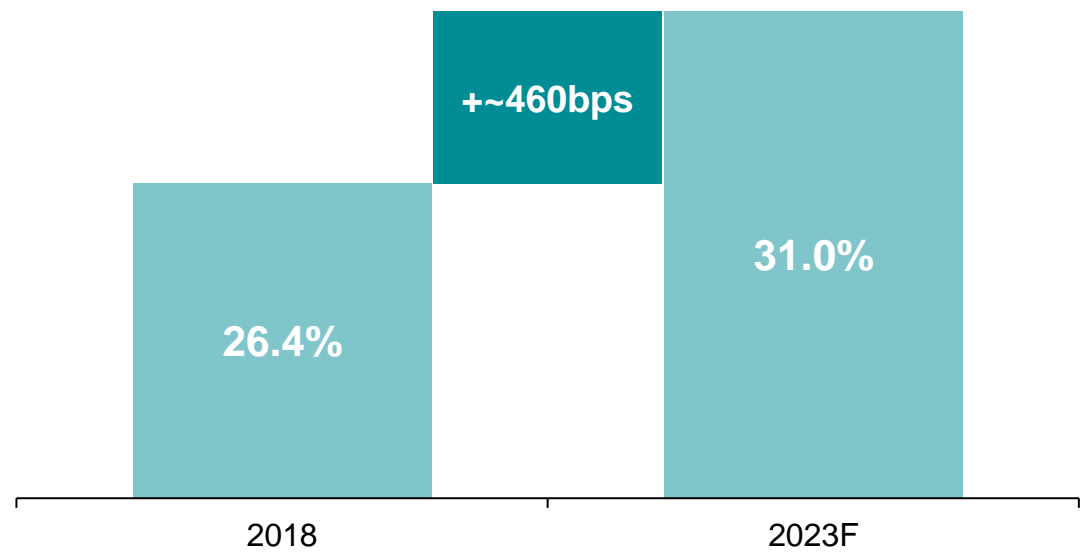
Note: ALM = Asset Liability Management; KYC = Know Your Customer; MAKs = Moody's Analytics Knowledge Solutions.

Recurring Revenue Growth Drives Margin Expansion

TTM Recurring And Transaction Revenue

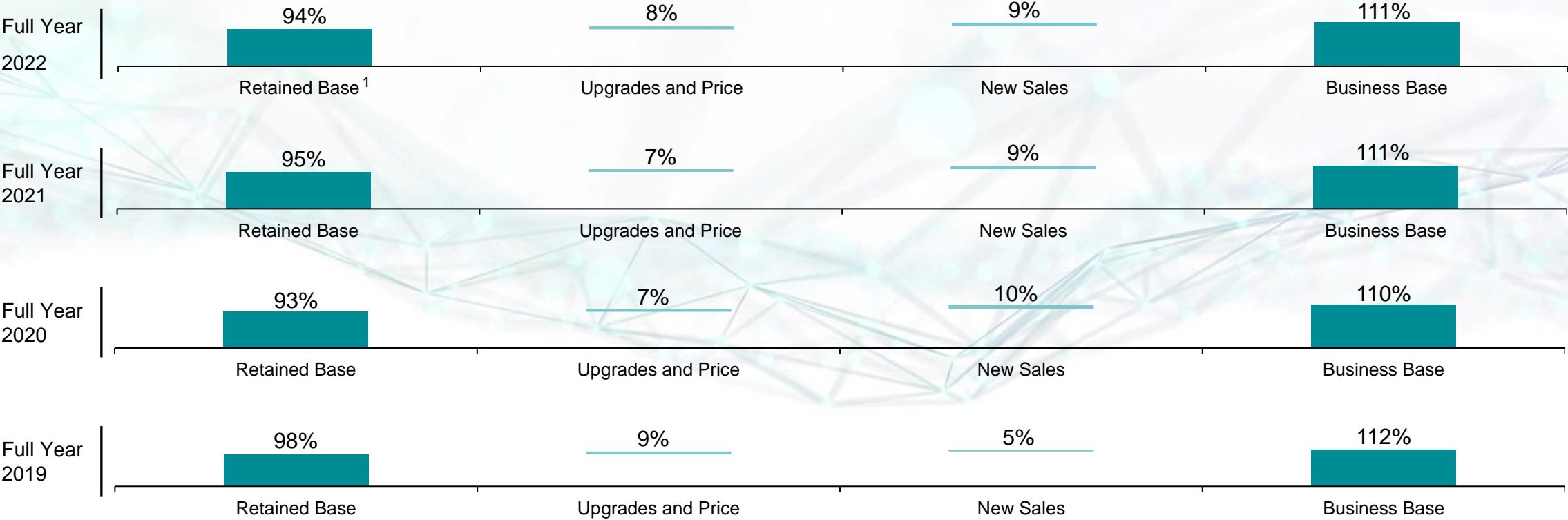


Adjusted Operating Margin¹



1. Guidance as of March 31, 2023. Refer to Table 11 – “2023 Outlook” in the press release titled “Moody’s Corporation Reports Results For First Quarter 2023; Sets Outlook For 2023” from April 25, 2023, for a complete list of guidance, reconciliations between adjusted measures and U.S. GAAP and assumptions used by the Company with respect to its guidance. Refer to the Appendix for reconciliations between all adjusted measures mentioned throughout this presentation and U.S. GAAP.

Building on a Foundation of Strong Customer Retention



Note: The sales growth attributions presented on this slide are on a constant currency basis. Pre-2020 data excludes BvD. Upgrades reflect amendments to existing customer contracts. New Sales reflect new contracts with new and existing customers.

1. Retention rates exclude acquisitions of kompany, RealXData, and ZM Financial.

MA: Full Year 2023 Guidance¹

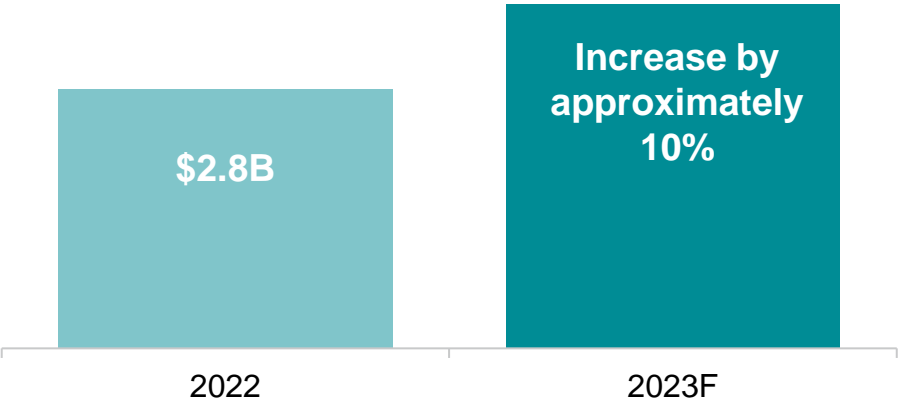
Continued focus on profitable revenue growth and reinvestment to fuel future expansion

KEY DRIVERS OF FY 2023 OUTLOOK

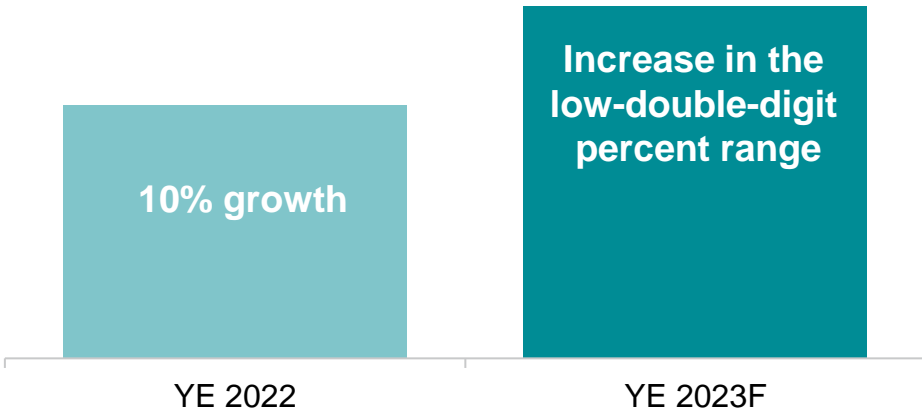
- » MA's mission critical solutions, deeply embedded in our customers' workflows, deliver both sustained retention rates in the mid-90s and double-digit ARR growth
- » Ongoing investments in innovation and technology are accelerating the interoperability of our unique and in-demand data and analytics with our SaaS solutions, improving operating leverage through more efficient delivery, as well as cross- and up-sell strategies



REVENUE



ANNUALIZED RECURRING REVENUE²



1. Guidance as of April 25, 2023. Refer to Table 11 – “2023 Outlook” in the press release titled “Moody's Corporation Reports Results for First Quarter 2023” from April 25, 2023, for a complete list of guidance, reconciliations between adjusted measures and U.S. GAAP, as well as assumptions used by the Company with respect to its guidance.

2. Refer to the Appendix for the definition of and further information on ARR. ARR excludes the impact of foreign currency translation.

Accelerating Revenue Growth

Medium-Term Revenue Target Drivers

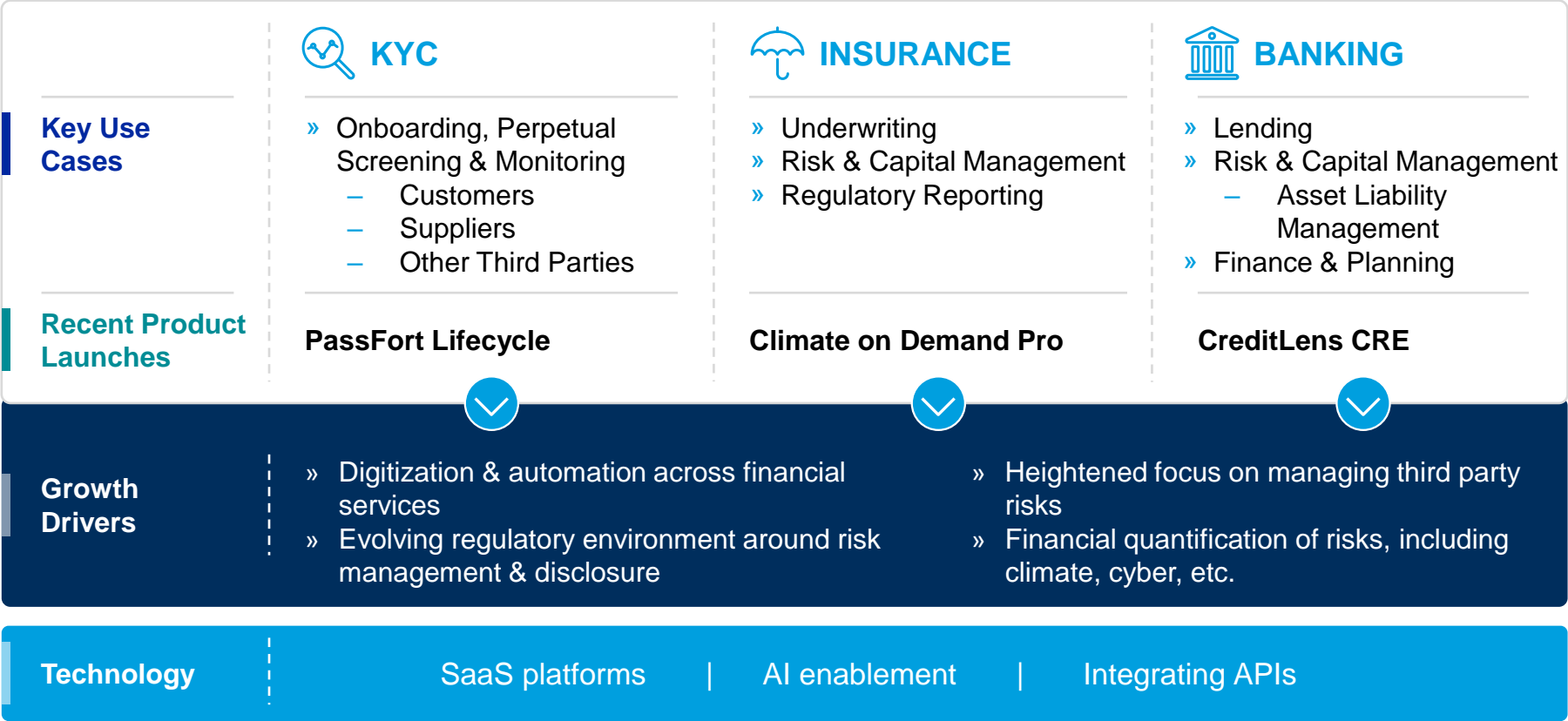


Note: SaaS = Software as a Service.

1. As of January 31, 2023. Refer to slide 72 in the Appendix for details and assumptions with respect to medium-term guidance.

Decision Solutions: Integrating Content and Capabilities Across Moody's

Workflow solutions that address key customer use cases



Decision Solutions

1Q 2023 Performance¹

11%

ARR

93%

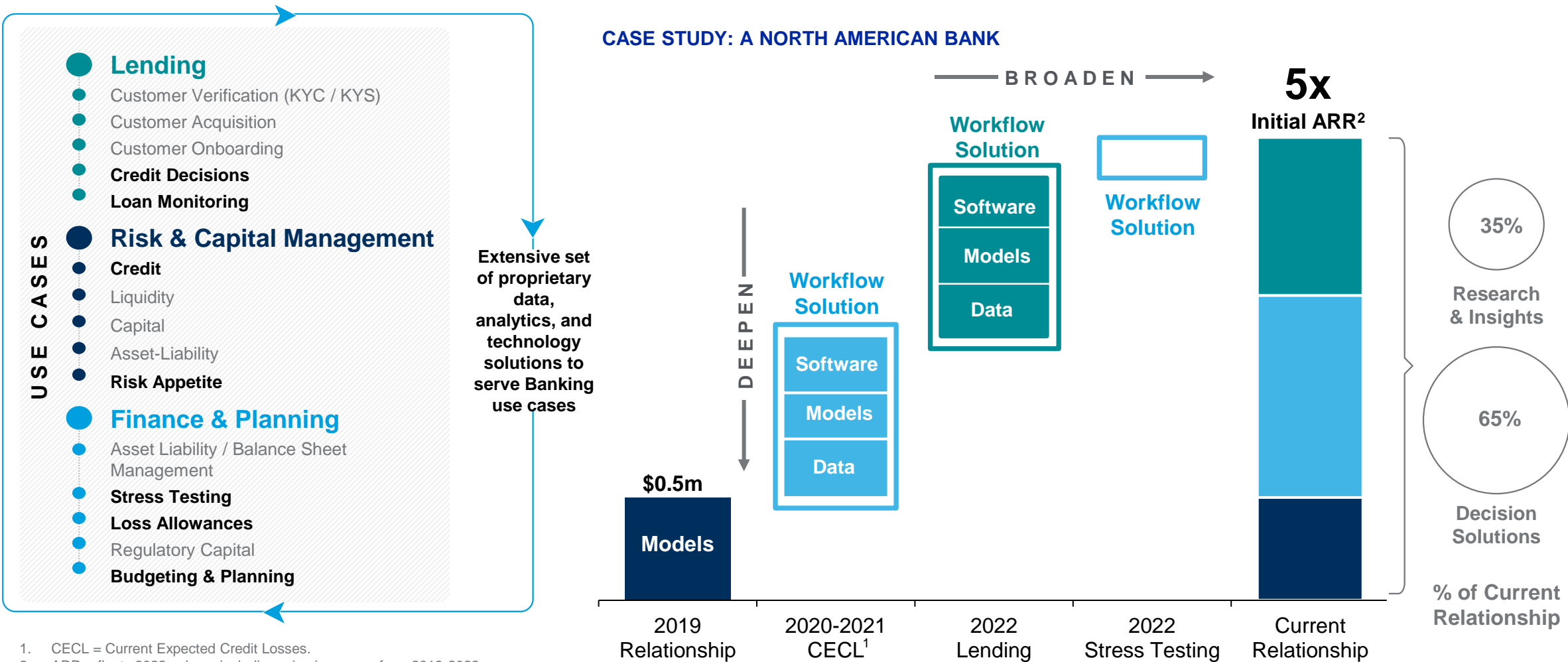
Retention Rate

88%

Proportion of Recurring Revenue

Note: SaaS = Software as a Service. AI = Artificial Intelligence. API = Application Programming Interface.
1. As of March 31, 2023. Refer to the Appendix for the definition of and further information on ARR. ARR excludes the impact of foreign currency translation. Retention rate for quarter ended March 31, 2023, excludes RealXData and ZM Financial.

Expanding Customer Relationships Through Workflow Solutions that Combine Data, Analytics, and Software



RMS: Driving Strong Results through Innovation and Integration

Continued Focus on P&C Insurance Market

- » Announced **Open Modeling Engine** and an **exclusive partnership with Nasdaq** to integrate 3rd party models in the IRP
- » Converted over 100 customers to SaaS-based **Intelligent Risk Platform (IRP)**
- » Launched European windstorm - **first major catastrophe model in high-definition format**; North Atlantic hurricane model update in 3Q

Expanding via Cross-sell to Existing Customers

- » **Doubled the rate of cross-sales** compared to 1Q22¹, increasing share of wallet with RMS customers with range of Moody's suite of solutions for key use cases (e.g., KYC and master data management)

Expanding Climate Capabilities to New Markets

- » **Deployed Climate on Demand on RMS' IRP** targeting banks, asset owners/managers and CRE customers
- » Launched quantification of financial loss from Physical Climate Risk in **Climate on Demand Pro**
- » Expanding coverage of Climate Risk **to banks and other sectors** via Advisory projects

Delivering New Synergistic Solutions

- » Launched **ESG underwriting solution**, integrating company data with ESG indicators and scores to help P&C insurers enhance risk assessment in underwriting workflows
- » Integrating **ESG analytics into the ExposureIQ app** (on the IRP)
- » **Integrating CRE data** into RMS' property database to enhance commercial property underwriting capabilities

TARGETS



ACHIEVED

Strong customer retention, 93% in 2022

6% sales growth in 2022²

Accretive to FY 2022 adjusted diluted EPS (two years ahead of target)



ON TRACK

High-single-digit sales growth target for 2023²

Incremental \$150M revenue by 2025³

1. As of 1Q 2023.

2. Includes synergies. Guidance as of April 25, 2023.

3. Run rate revenue. Guidance as of August 5, 2021.

Awards & Accolades

Recognition for our industry-leading solutions: data, research, analytics and software

MOODY'S
ANALYTICS

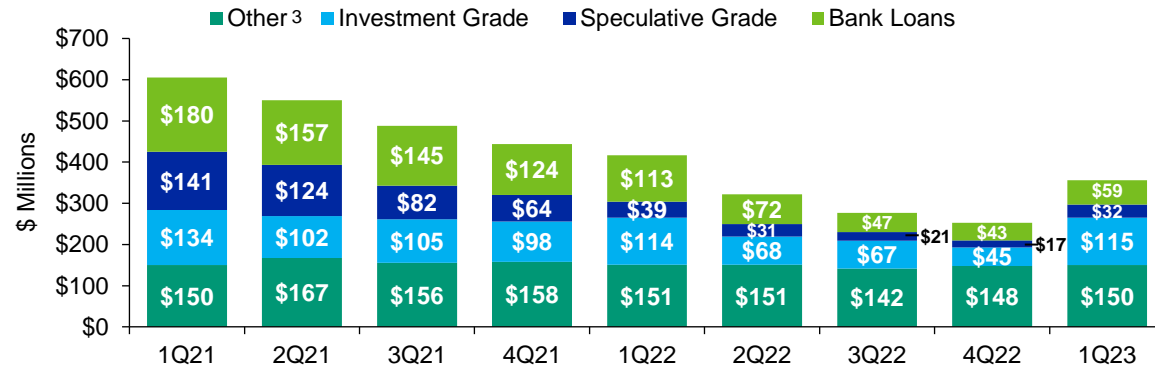


6

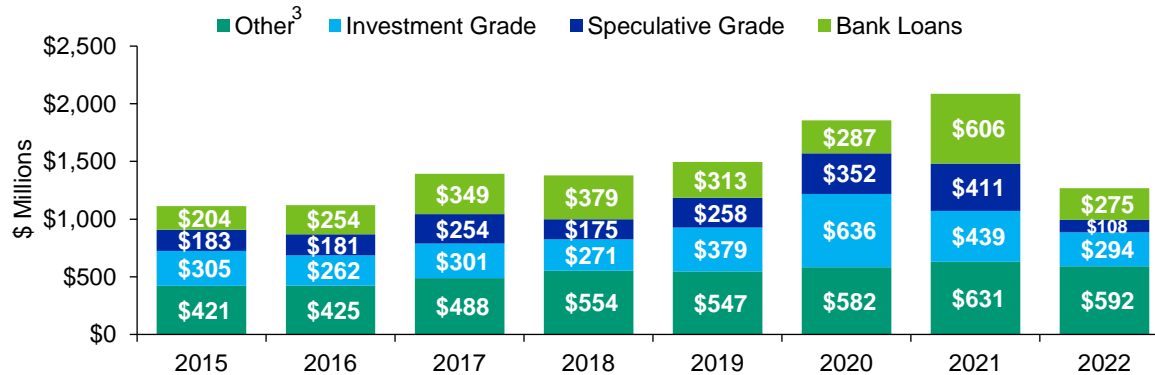
Appendix

Corporate Finance: Revenue and Issuance¹

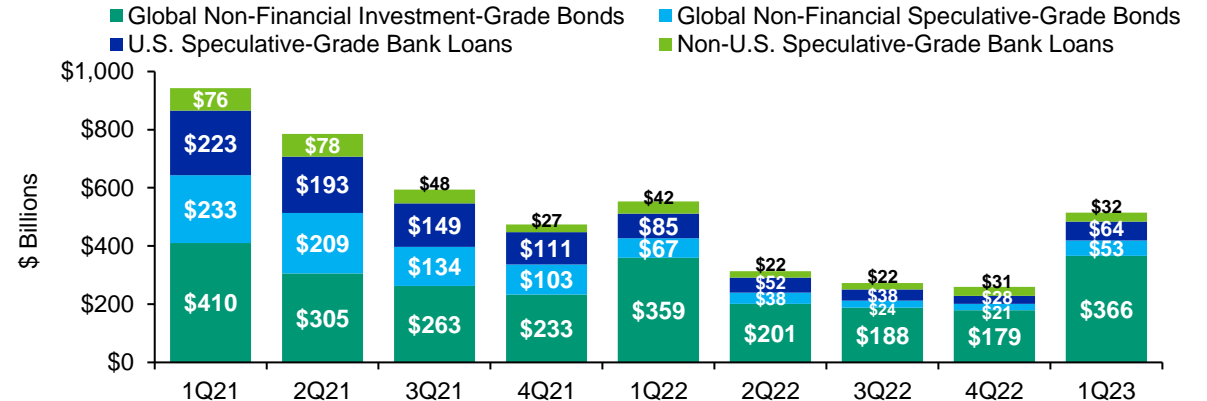
Revenue²: Mix by Quarter



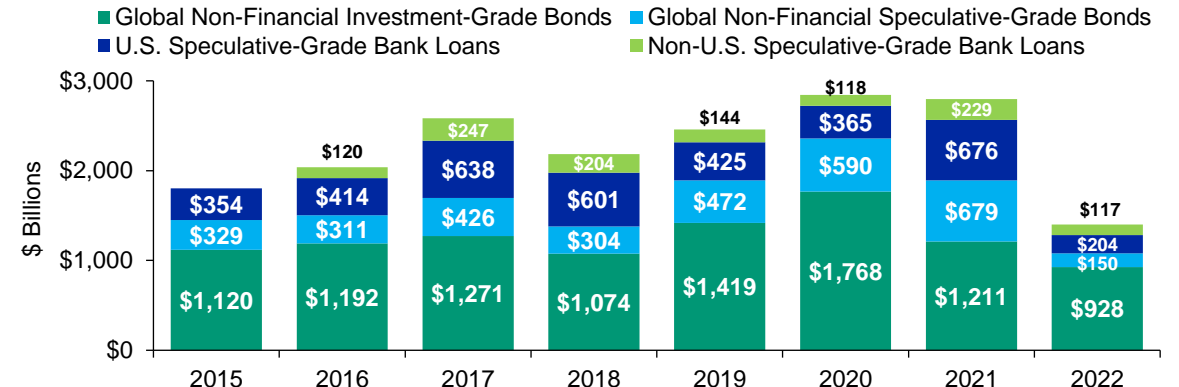
Revenue²: Mix by Year



Issuance⁴: Mix by Quarter



Issuance⁴: Mix by Year

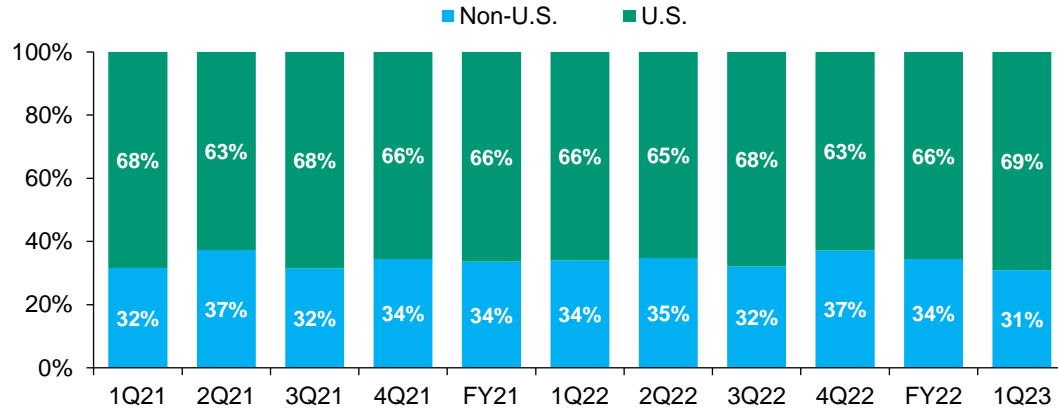


Note: Debt issuance categories do not directly correspond to Moody's revenue categorization.

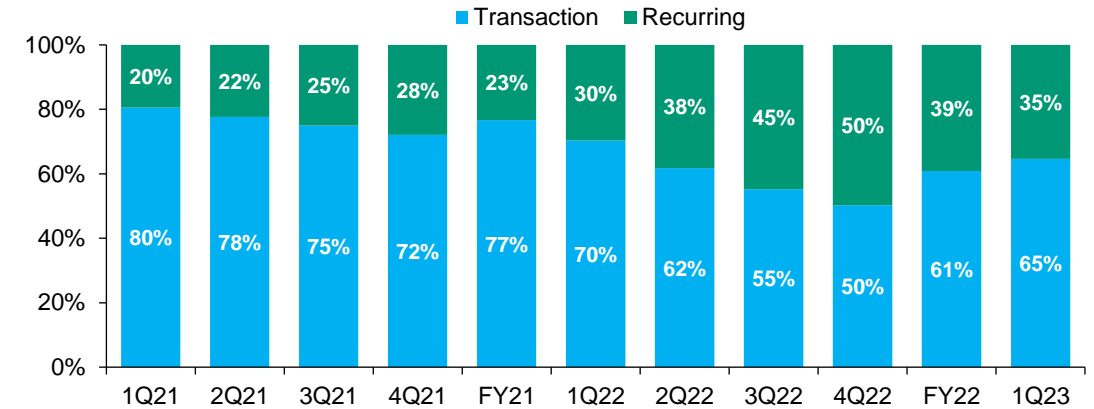
1. Total estimated market issuance, unless otherwise noted. 1Q 2023 issuance figures were corrected on 22 May; original version misreported investment grade issuance.
2. Historical data has been adjusted to conform with current information and excludes intercompany revenue. The revenue reclassification of REITs to Corporate Finance from Structured Finance is reflected starting from 1Q 2018.
3. Other includes monitoring, commercial paper, medium term notes and ICRA.
4. Sources: Moody's Analytics, Dealogic. U.S. and Non-U.S. Speculative-Grade Bank Loans represent only Moody's rated speculative-grade bank loans. Non-U.S. Speculative-Grade Bank Loan Origination data available starting in 2016. Issuance figures are subject to amendment given face amount variations that may occur following the reporting cycle.

Corporate Finance: Revenue

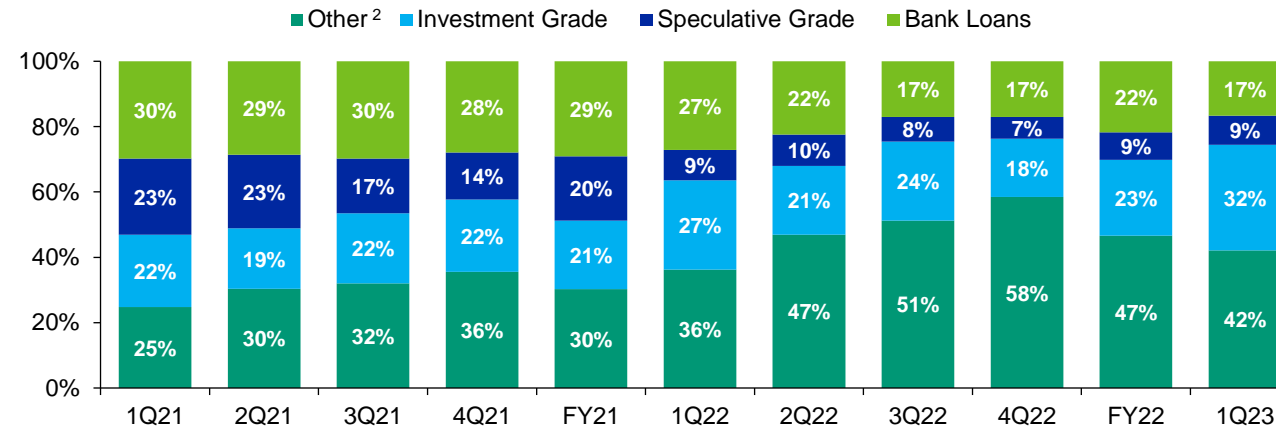
Revenue¹: Distribution by Geography



Revenue¹: Distribution by Recurring vs. Transaction



Revenue¹: Distribution by Product



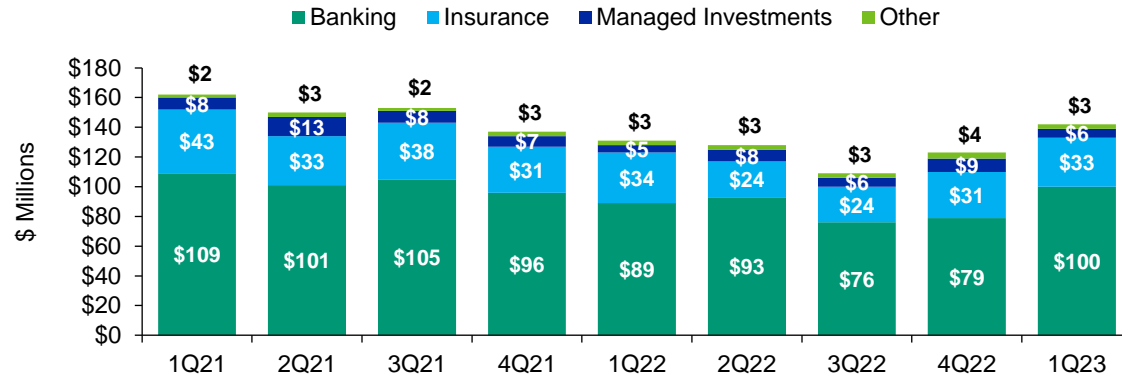
Note: Percentages have been rounded and may not total to 100%.

1. Historical data has been adjusted to conform with current information and excludes intercompany revenue.

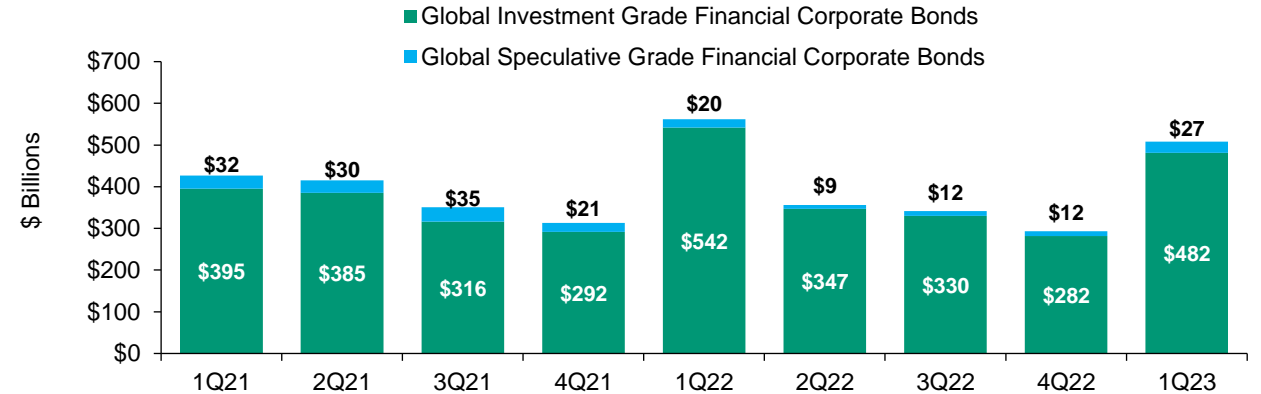
2. Other includes monitoring, commercial paper, medium term notes and ICRA.

Financial Institutions: Revenue and Issuance¹

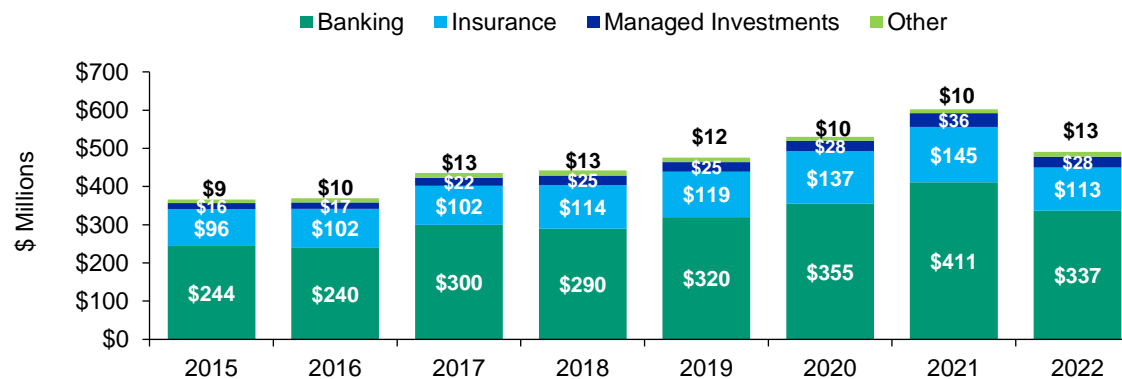
Revenue²: Mix by Quarter



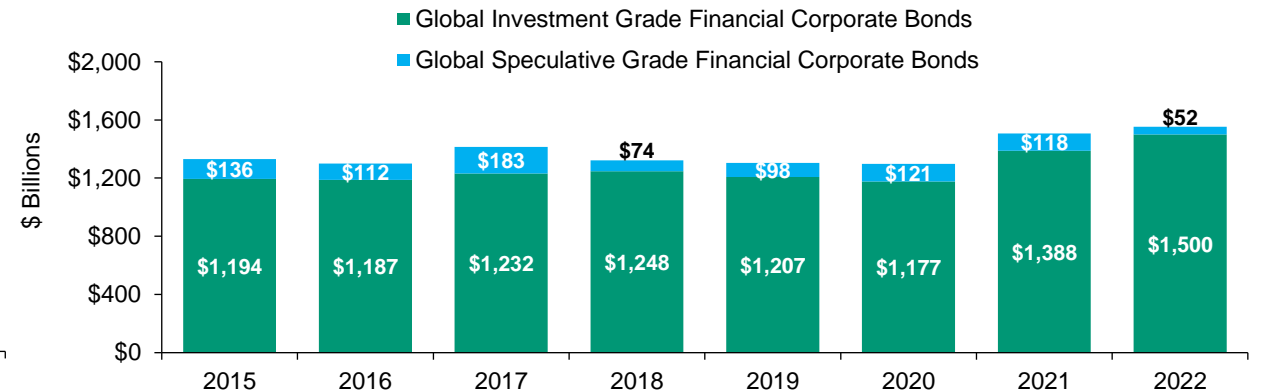
Issuance³: Mix by Quarter



Revenue²: Mix by Year



Issuance³: Mix by Year



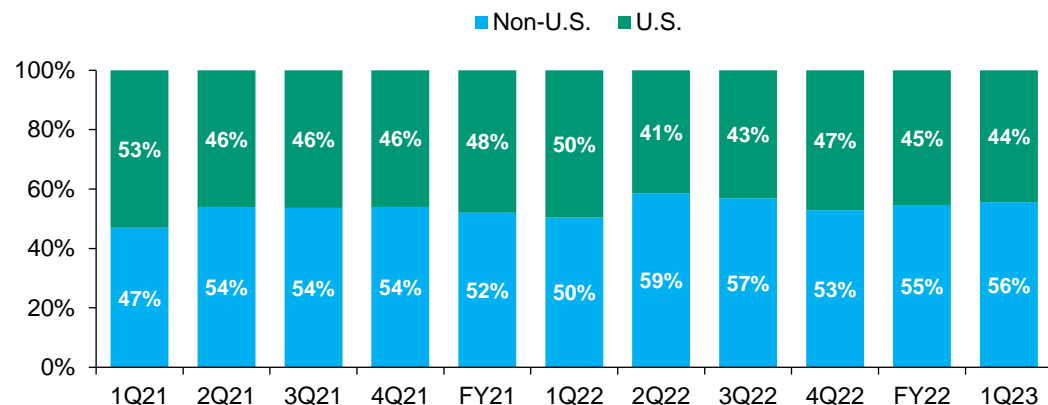
1. Total estimated market issuance, unless otherwise noted.

2. Historical data has been adjusted to conform with current information and excludes intercompany revenue.

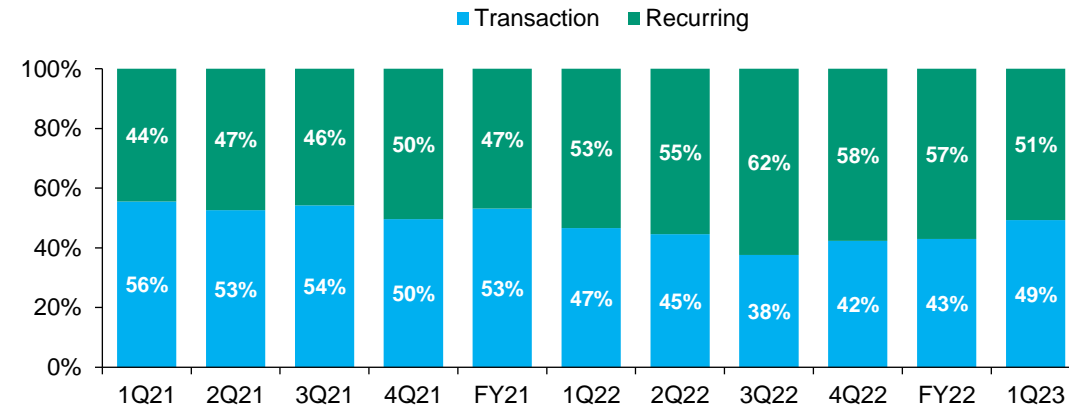
3. Sources: Moody's Analytics, Dealogic. Debt issuance categories do not directly correspond to Moody's revenue categorization. Issuance figures are subject to amendment given face amount variations that may occur following the reporting cycle.

Financial Institutions: Revenue

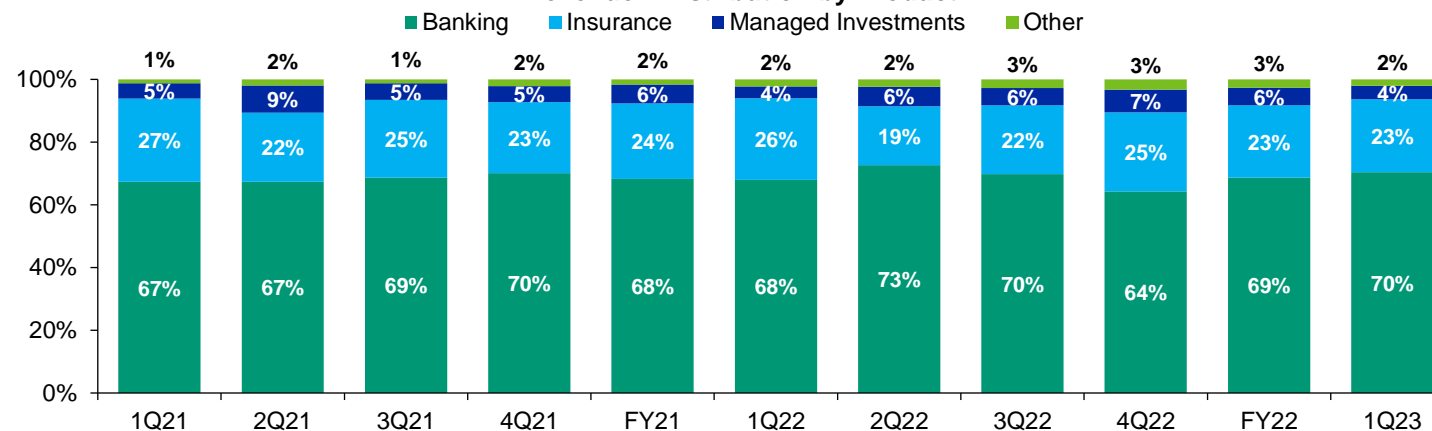
Revenue¹: Distribution by Geography



Revenue¹: Distribution by Recurring vs. Transaction



Revenue¹: Distribution by Product

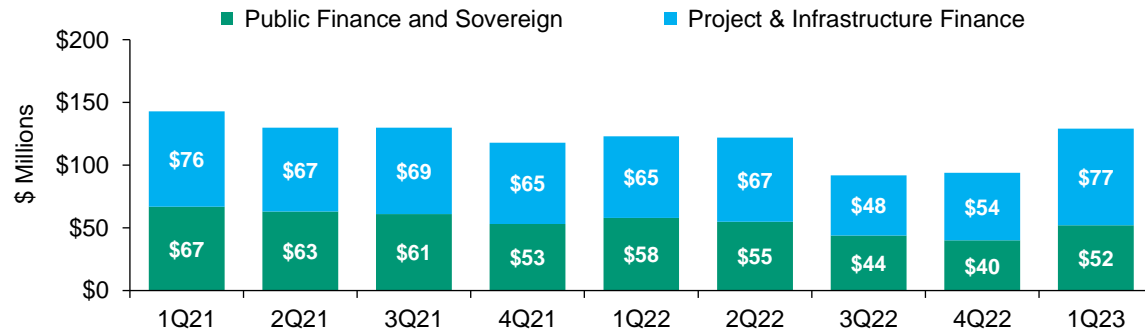


Note: Percentages have been rounded and may not total to 100%.

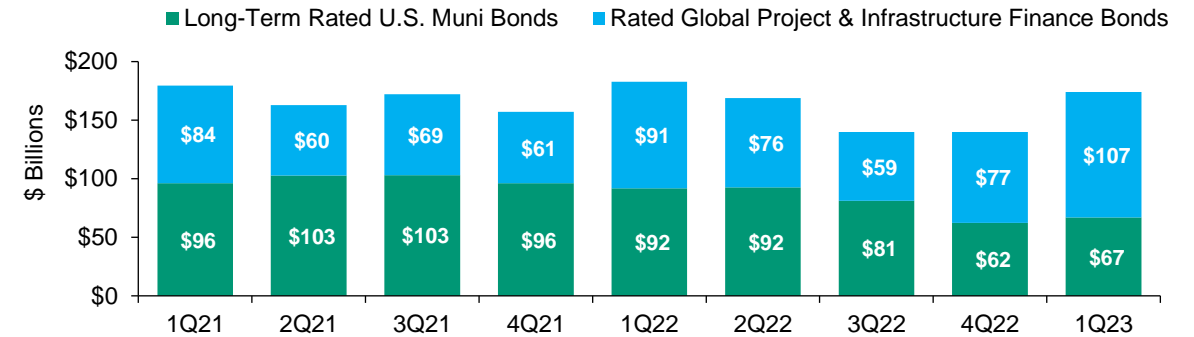
1. Historical data has been adjusted to conform with current information and excludes intercompany revenue.

Public, Project and Infrastructure: Revenue and Issuance¹

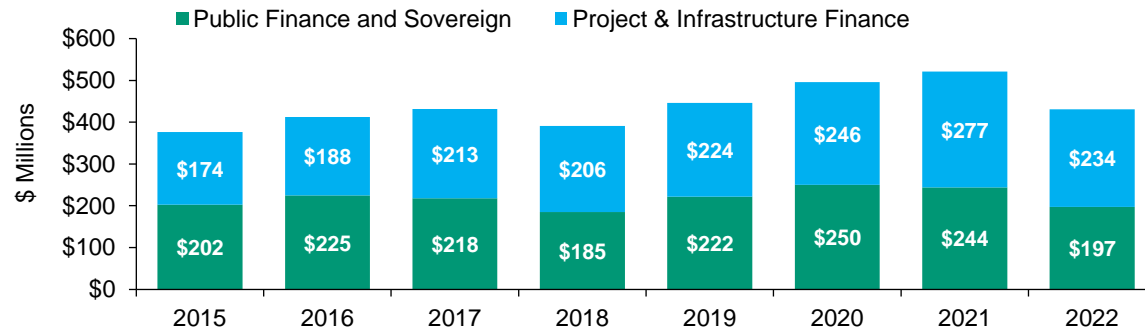
Revenue²: Mix by Quarter



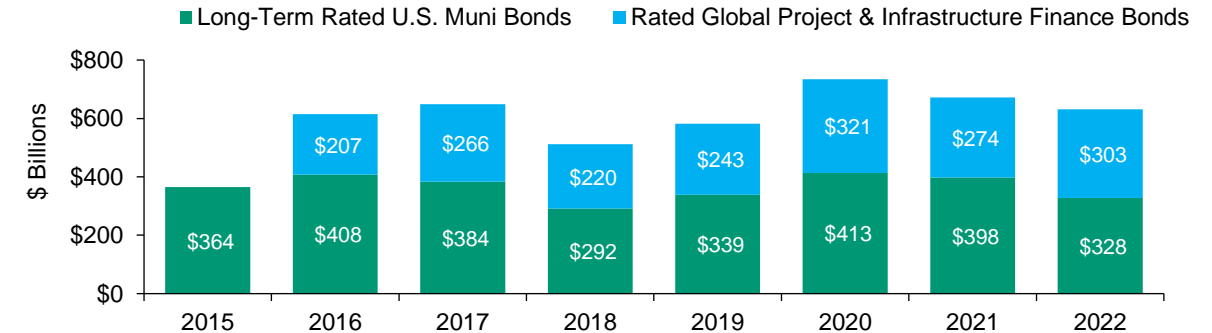
Issuance³: Mix by Quarter



Revenue²: Mix by Year



Issuance³: Mix by Year



Note: Debt issuance categories do not directly correspond to Moody's revenue categorization.

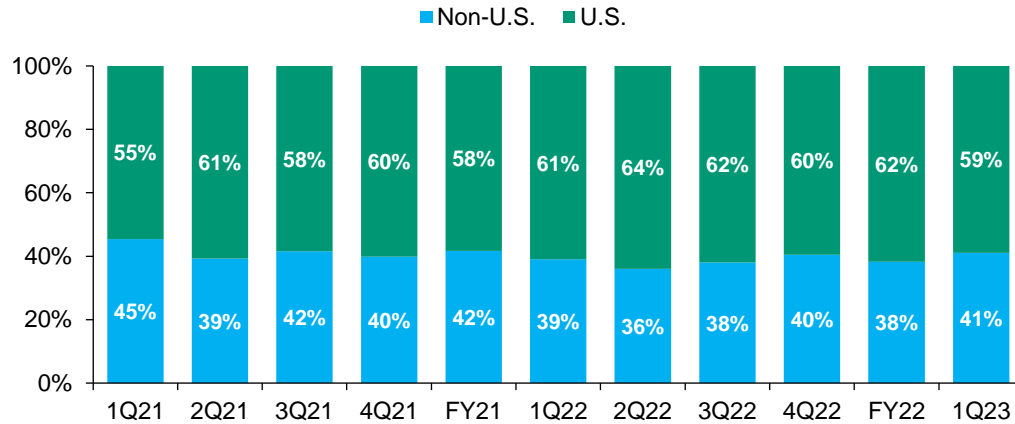
1. Total estimated market issuance, unless otherwise noted.

2. Historical data has been adjusted to conform with current information and excludes intercompany revenue.

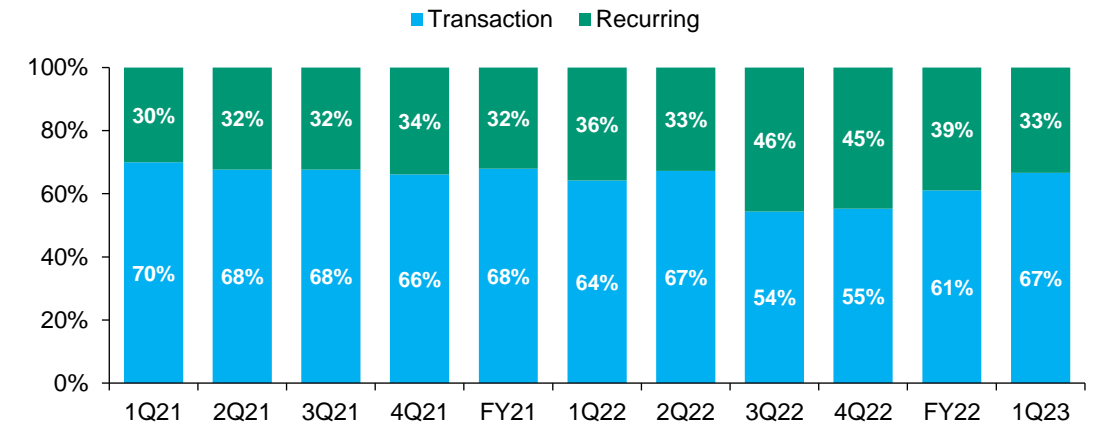
3. Sources: Moody's Corporation, Refinitiv, Thomson Reuters. Global Rated Project & Infrastructure Finance available starting in 2016 and represents Moody's rated issuance. Issuance figures are subject to amendment given face amount variations that may occur following the reporting cycle.

Public, Project and Infrastructure: Revenue

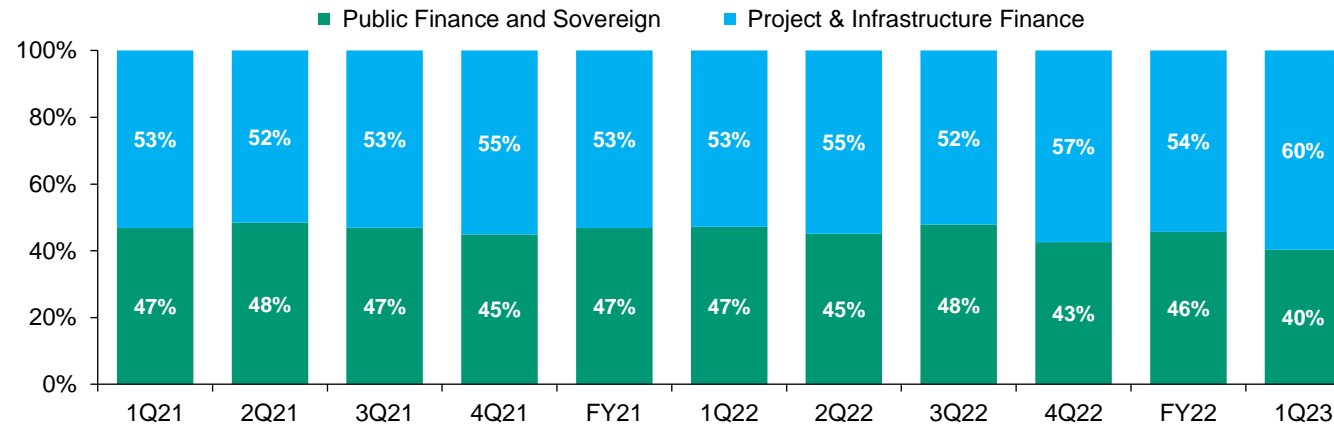
Revenue¹: Distribution by Geography



Revenue¹: Distribution by Recurring vs. Transaction



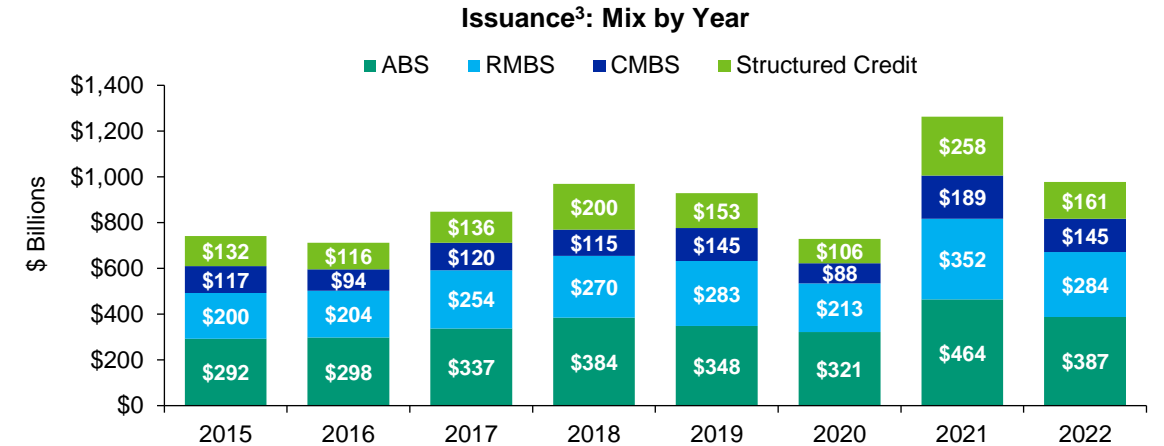
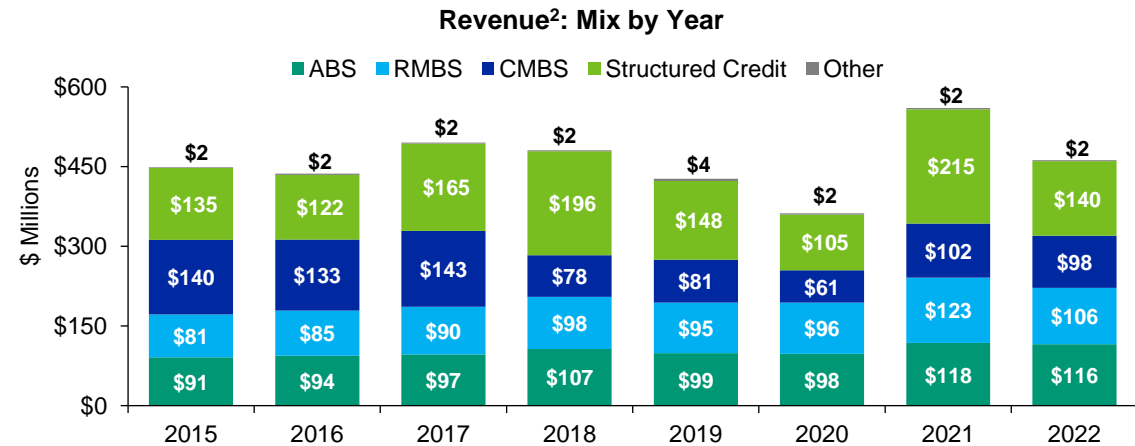
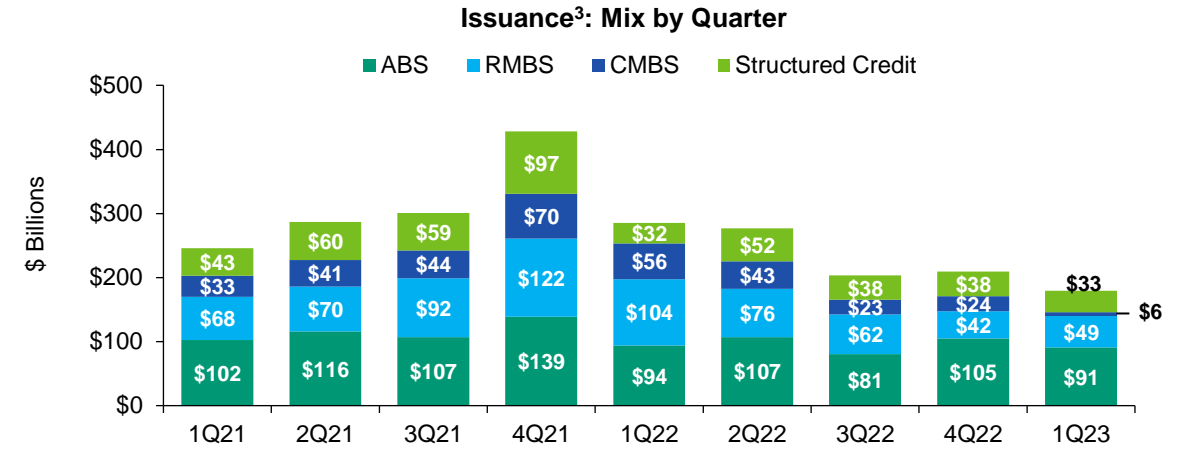
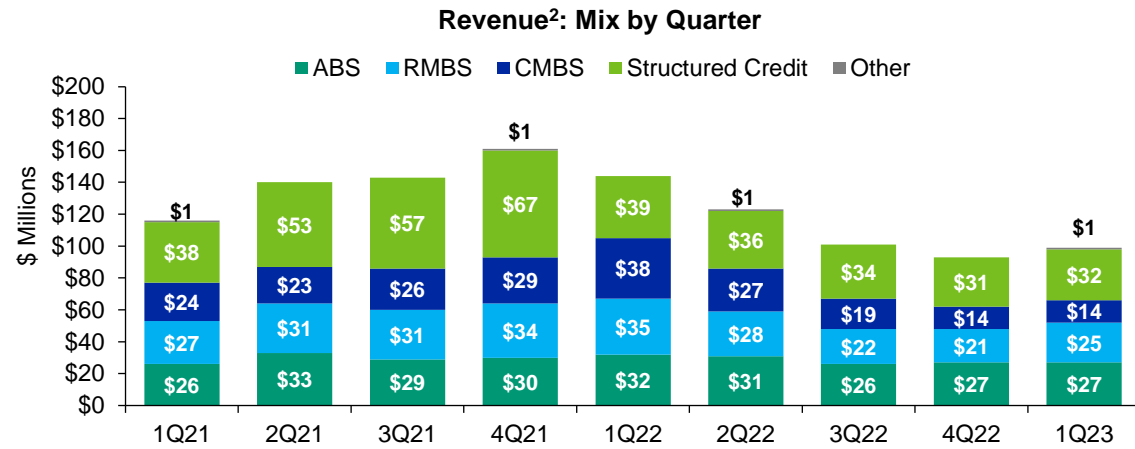
Revenue¹: Distribution by Product



Note: Percentages have been rounded and may not total to 100%.

1. Historical data has been adjusted to conform with current information and excludes intercompany revenue.

Structured Finance: Revenue and Issuance¹



Notes: ABS (asset-backed securitization) includes asset-backed commercial paper and long-term asset-backed securities. RMBS (residential mortgage-backed securitization) includes covered bonds. CMBS (commercial mortgage-backed securities) includes commercial real estate CDOs. Structured Credit includes CLOs and CDOs.

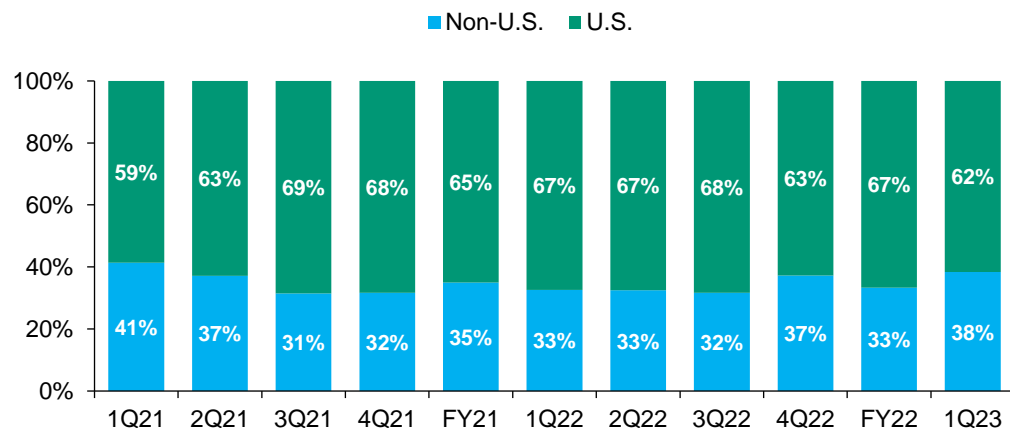
1. Total estimated market issuance, unless otherwise noted.

2. Historical data has been adjusted to conform with current information and excludes intercompany revenue. The revenue reclassification of REITs to Corporate Finance from Structured Finance is reflected starting from 1Q 2018.

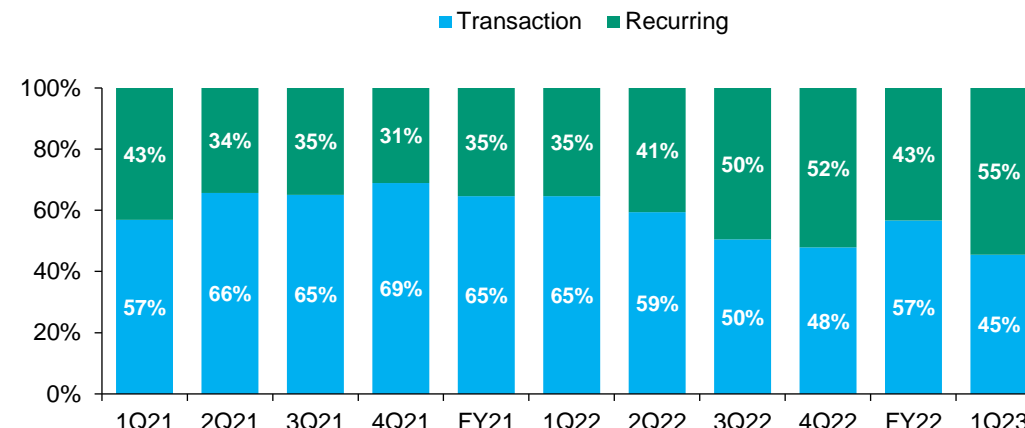
3. Sources: AB Alert, CM Alert, Moody's Corporation. Debt issuance categories do not directly correspond to Moody's revenue categorization. Issuance figures are subject to amendment given face amount variations that may occur following the reporting cycle.

Structured Finance: Revenue

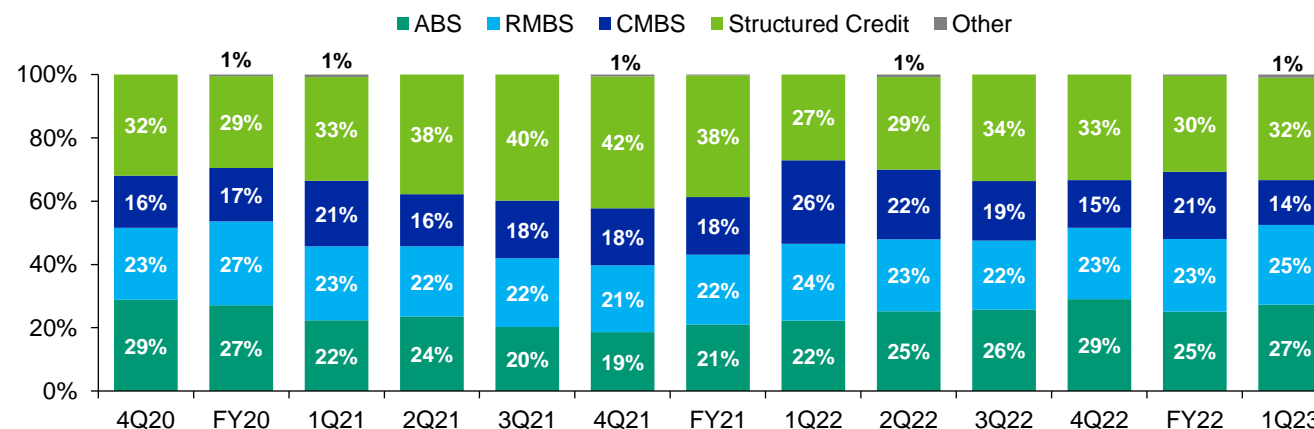
Revenue¹: Distribution by Geography



Revenue¹: Distribution by Recurring vs. Transaction



Revenue¹: Distribution by Product

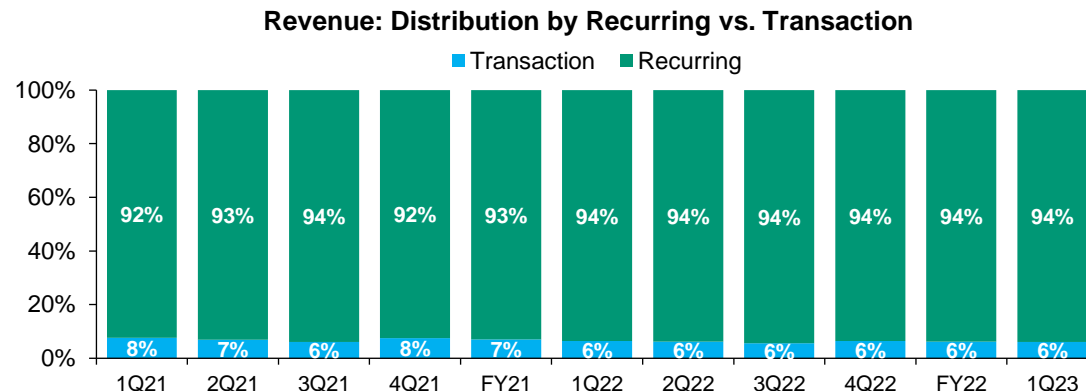
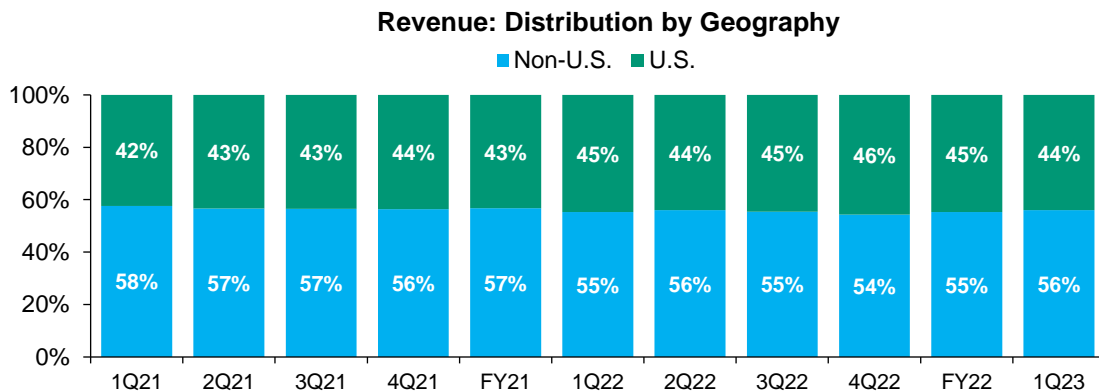
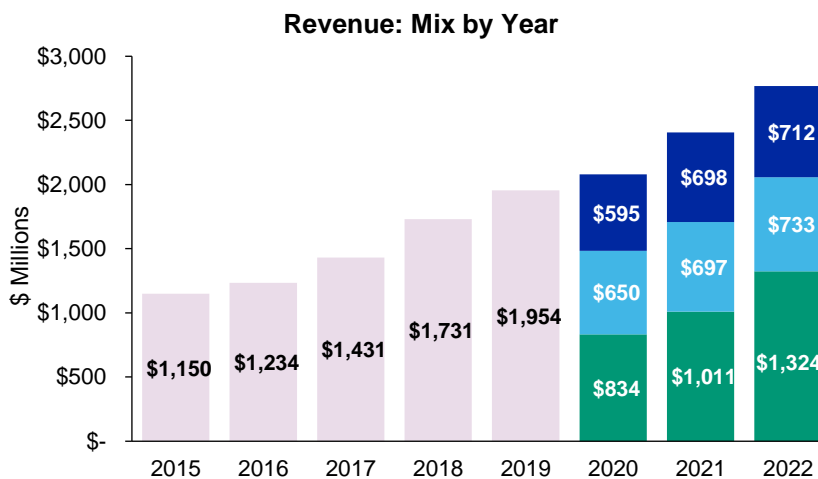
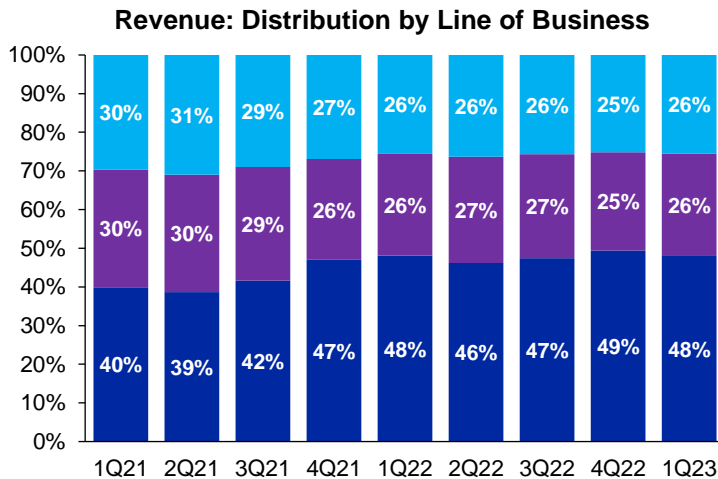
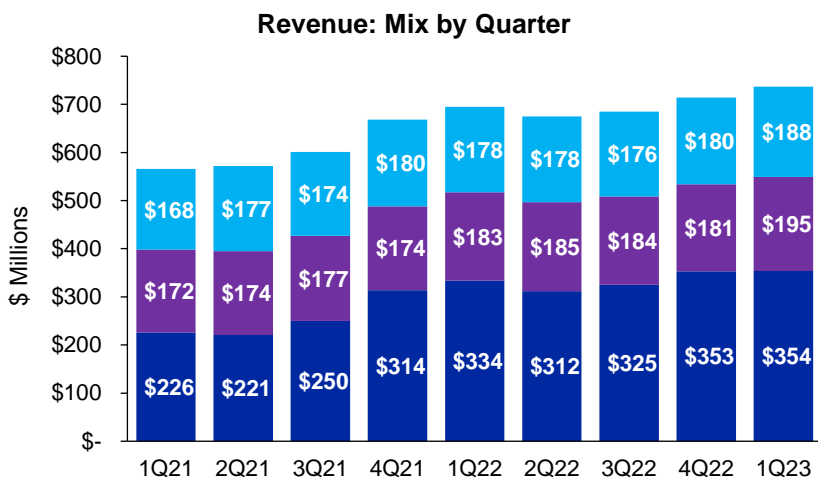


Notes: ABS (asset-backed securitization) includes asset-backed commercial paper and long-term asset-backed securities. RMBS (residential mortgage-backed securitization) includes covered bonds. CMBS (commercial mortgage-backed securities) includes commercial real estate CDOs. Structured Credit includes CLOs and CDOs. Percentages have been rounded and may not total to 100%.

1. Historical data has been adjusted to conform with current information and excludes intercompany revenue.

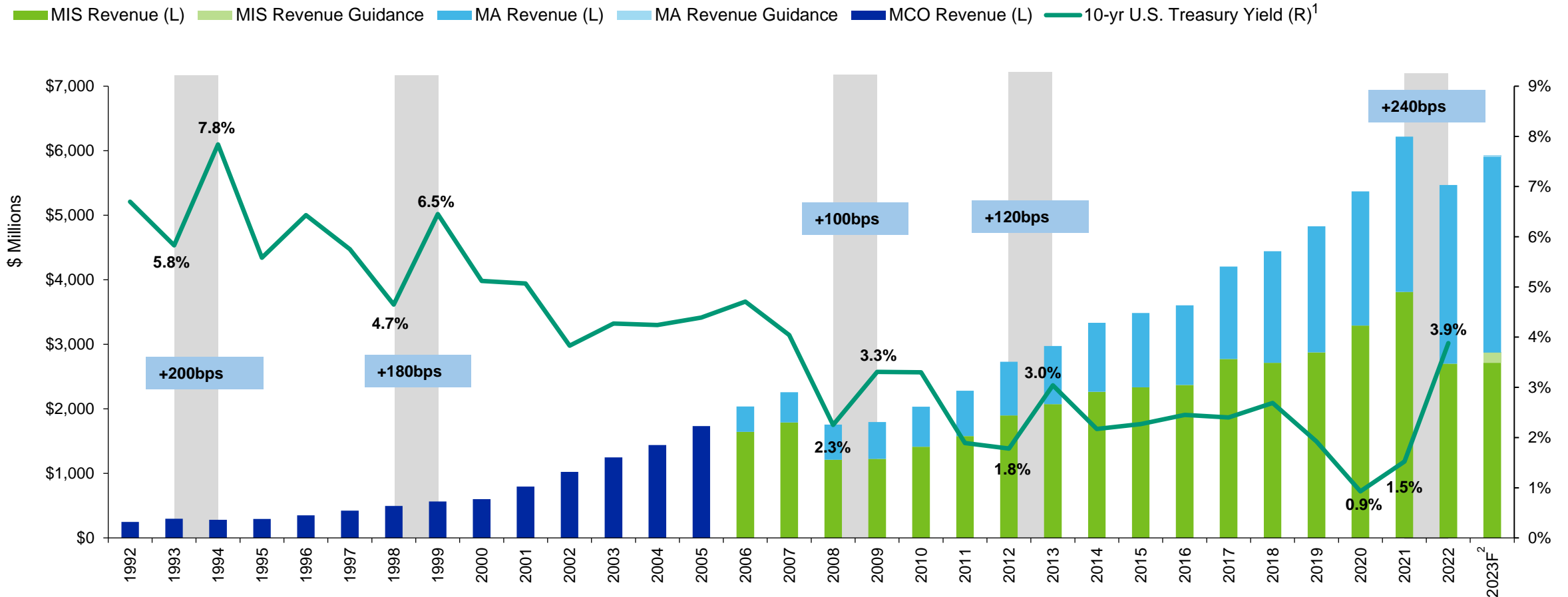
Moody's Analytics: Financial Overview

■ Decision Solutions ■ Research & Insights ■ Data & Information ■ Moody's Analytics



Note: Percentages have been rounded and may not total to 100%.

Moody's Revenue and Interest Rates¹ Over Time



Source: www.treasury.gov.

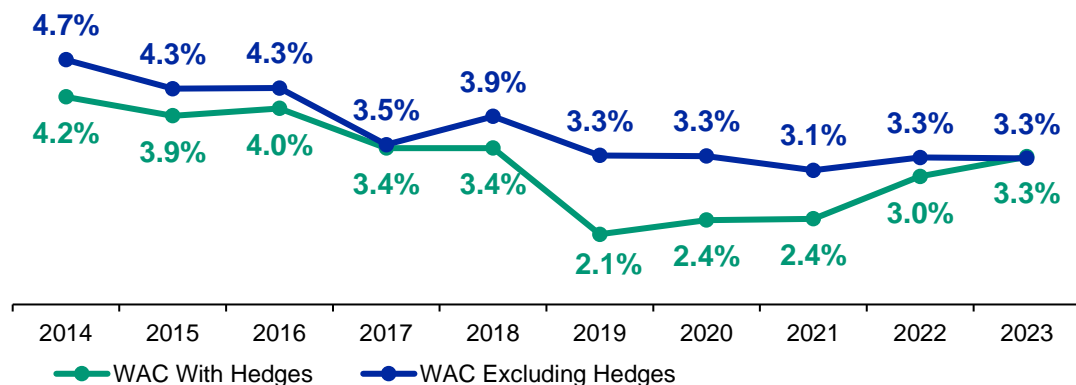
Note: Gray bars reflect periods of significant increases in the 10-year U.S. Treasury Yield.

1. 10-year U.S. Treasury Yields are represented by end-of-period rates.

2. Guidance as of April 25, 2023. Refer to Table 11 – “2023 Outlook” in the press release titled “Moody’s Corporation Reports Results for First Quarter 2023” from April 25, 2023, for a complete list of guidance, reconciliations between adjusted measures and U.S. GAAP, as well as assumptions used by the Company with respect to its guidance.

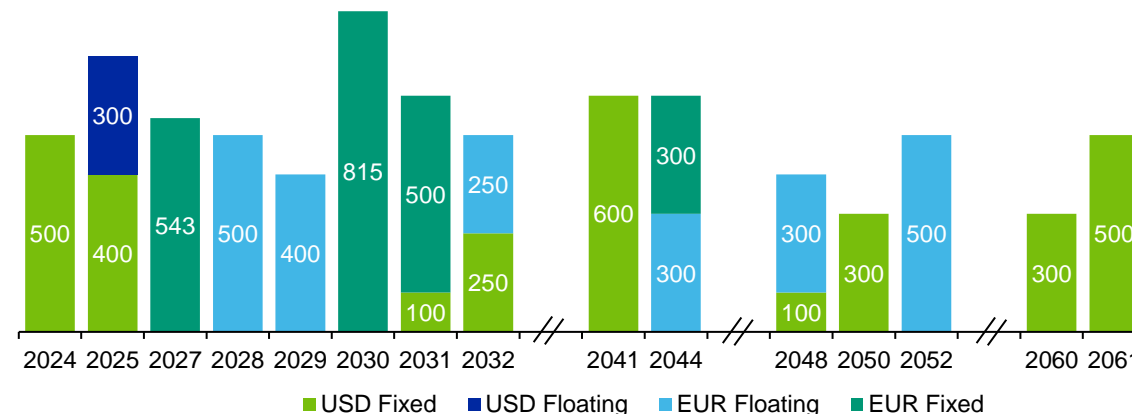
Maintaining Financial Flexibility through Proactive Management

Bond portfolio WAC¹



Balanced maturity schedule⁴

\$ in millions



- » Well-laddered maturities; attractive long-end rates provide opportunity to optimize WAC and WAM
- » Strong liquidity with \$2.2B in cash and short-term investments, and an undrawn \$1.25B revolving credit facility²
- » Leverage below maximum 4.0x total debt / EBITDA covenant³

WAC = Weighted Average Coupon. WAM = Weighted Average Maturity.

1. 2014-2023, as of end of Q1 2023.

2. As of March 31, 2023. See press release titled "Moody's Corporation Reports Results for First Quarter 2023" from April 25, 2023, for Moody's sources of capital and cash flow generation.

3. Total debt (gross debt less \$100M of cash and equivalents) to EBITDA ratio threshold is normally 4.0x but elevated to 4.5x for three quarters after an acquisition of >\$500 million.

4. Certain USD denominated debt has been synthetically converted to EUR via cross-currency swaps. EUR bonds converted to USD as of March 31, 2023.

Disciplined Approach to Capital Management

Capital Allocation Priorities

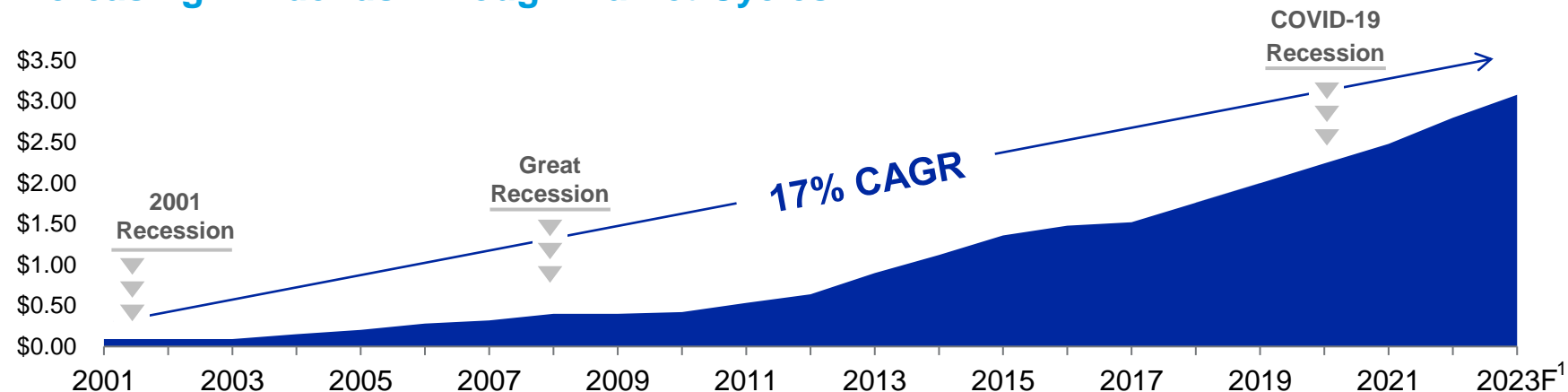
INVESTING FOR GROWTH

- 1 **Reinvestment**
Accelerating organic growth
- 2 **Acquisitions**
Advance global integrated risk assessment strategy

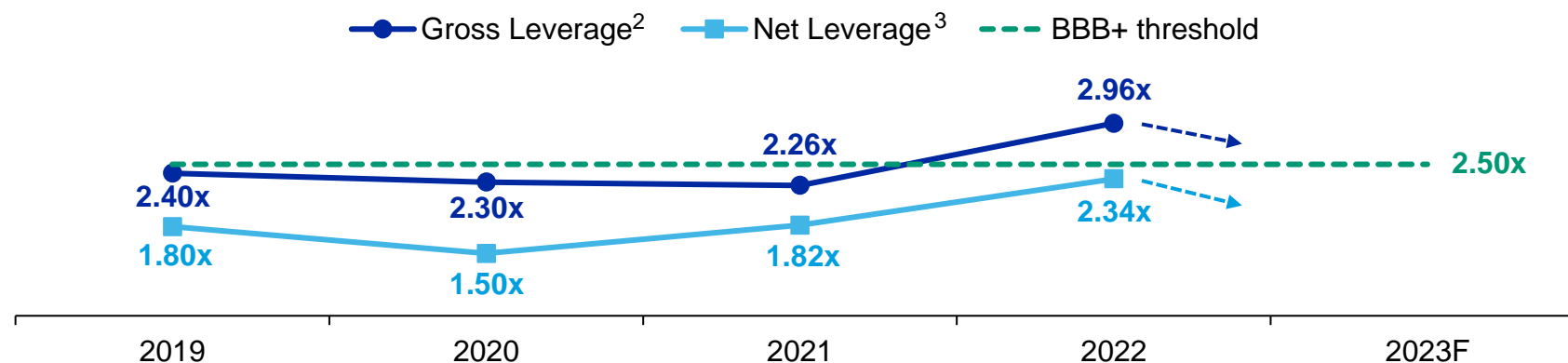
RETURNING CAPITAL

- 3 **Dividends**
Positioning as a “growth” stock
- 4 **Share Repurchases**
Mechanism to return excess cash to stockholders

Increasing Dividends Through Market Cycles



Leverage Anchored to BBB+ Rating



1. Annualized dividend of \$0.77.

2. Gross leverage represents outstanding debt on the balance sheet divided by adjusted TTM EBITDA and is intended to approximate leverage as calculated by Fitch.

3. Net leverage represents outstanding debt (net of cash) on the balance sheet divided by adjusted TTM EBITDA and is intended to approximate leverage as calculated by S&P.

Moody's Transparent and Rigorous ESG & Climate Capabilities



**High-single-digit
percent growth**

in 2023¹



~\$190 million

2022 ESG &
Climate Revenue²



- » Our award-winning ESG & Climate risk data is **integrated across our business and capabilities**
- » We enable customers to obtain a holistic view of their ESG & Climate risk exposure by providing both a **financial materiality and performance lens**
- » Moody's addresses evolving use cases and is committed to expanding and enhancing **comprehensive ESG & Climate capabilities** through user-friendly delivery platforms
- » Moody's helps organizations **identify, measure and manage ESG & Climate risks**, such as those within company supply chains and as part of regulatory reporting requirements

1. Guidance as of February 23, 2023.

2. Approximate ESG & Climate revenue from Moody's Investors Service and Moody's Analytics as of December 31, 2022.

Workflow-Driven ESG & Climate Solutions

Moody's rigorous solutions help customers address evolving business needs

FOUNDATIONAL ANALYSIS Conduct foundational, company & sector-level ESG risk analysis & benchmarking across all workflows



Incorporate ESG data, scores and screening into credit origination and assessment, loan portfolio management and monitoring, and reporting



Integrate ESG data and analytics into P&C underwriting to inform decision-making and more effectively measure insurance-associated emissions to address the PCAF accounting and reporting standard and the NZIA target setting protocol



Identify, measure, and manage ESG risks as part of portfolio management to inform investment decisions



Enhance disclosure and compliance with ESG regulatory reporting requirements set forth by TCFD, ISSB, EU Taxonomy, SFDR Pillar 3, and others



Embed ESG capabilities within supply chain due diligence to support supplier third-party onboarding and monitoring

Advance corporate sustainability objectives and compliance with regulatory reporting requirements



Systematically and transparently integrate ESG factors into credit analysis and assign independent opinions on entities' sustainable financing plans

Note: P&C = Property and Casualty; PCAF=Partnership for Carbon Accounting Financials; NZIA= Net-Zero Insurance Alliance, TCFD= Task Force on Climate-Related Financial Disclosures; ISSB=International Sustainability Standards Board; SFDR=Sustainable Finance Disclosure Regulation

ESG & Climate at Moody's

Snapshot¹

35+

Years of ESG experience

Pioneers of ESG analysis for over three decades, providing many ESG regulatory consultations



50+

Awards

In the ESG and Climate space



600+

Second party opinions

Green, Social and Sustainability Bonds and Sustainability-linked loans and bonds



10,000+

ESG Credit Impact Scores

(CIS) and Issuer Profile Scores (IPS) by MIS



100%

Systematic integration

Of material ESG factors into MIS Credit Ratings



3,000+

ESG-related research reports

Published since 2020



~300M

Companies scored

Via a combination of analyst-verified and modelled Moody's ESG scores



~5,000

ESG Assessments



600+

ESG and Climate-related events and speaking engagements



10,000+

Climate physical risk scores

Spanning countries, sub-sovereigns, companies and real assets² globally



7,500+

Companies covered

For Temperature Alignment Data



200+

Natural catastrophe models

In ~100 countries



1. Data as of December 31, 2022.

2. Real assets are physical assets that have an intrinsic worth due to their substance and properties. Real assets include precious metals, commodities, real estate, land, equipment and natural resources.

Drivers of Sustainable Corporate Value

Placing sustainability at the core of the business



Better Business

- » Committed to net-zero by 2040: Moody's is one of the first companies to set to have its near and long-term science-based targets validated by the SBTi
- » Launched an implementation plan focused on aligning global office initiatives to our company-wide [Environmental Sustainability Policy](#) and commitments
- » Selected as a member of the 2022 Dow Jones Sustainability (DJSI) World Index for the first time and DJSI North America Index for the third consecutive year
- » Joined the United Nations Global Compact's Early Adopters Program and were one of the first companies to disclose using the enhanced Communication on Progress
- » Launched the [2022 Stakeholder Sustainability](#) report (aligned with the GRI, SASB, WEF frameworks) and the [2022 TCFD Report](#)
- » Published an inaugural [Global Tax Policy](#) and a [Political Engagement and Public Policy Statement](#)

VISIT OUR SUSTAINABILITY SITE TO LEARN MORE »



Better Lives

- » Progressed on our customer-focused diversity, equity and inclusion (DE&I) program, CORE, by becoming a founding member of the U.S. Economic Opportunity Coalition
- » Published our consolidated U.S. EEO-1 employment data for the second consecutive year in 2022
- » Launched "PurposeFirst", an initiative designed to enhance employee flexibility and create opportunities for collaboration while continuing to meet our business objectives
- » Named Best Place to Work for Disability Inclusion by the Disability Equality Index 2022
- » Named to Bloomberg Gender-Equality Index for Fourth Consecutive Year



Better Solutions

- » Expanded our Issuer Profile Scores (IPS) and Credit Impact Scores (CIS) to cover +10,000 governments, financial institutions and corporations across sectors globally
- » Continued to work on the integration of RMS, a leading global provider of climate and natural disaster risk modeling and analytics
- » Collaborated with peers in the Climate Data Steering Committee to publish recommendations on the design of a new open-data utility that would make climate transition-related data openly available in a single place for the first time



SBTi = Science Based Targets Initiative; GRI = Global Reporting Initiative; SASB = Sustainability Accounting Standards Board; WEF = World Economic Forum; CORE: Creating Opportunities for Racial Equity program.

Modernizing our Internal Data & Technology Infrastructure to Further Enhance Business Capabilities

Cloud and Platform

- » Progressing on our cloud infrastructure journey to allow “**always on**”; ~90% of MA solutions are in the cloud¹
- » Built state of the art interoperable cloud platform with data factory and API framework to support integration of all current and future product offerings

Talent Agility

- » Continue to promote a diverse and inclusive culture to enable **talent agility** that pivots to address changing priorities
- » Moody's Data Science Development Program created to further our capabilities in emerging technology

Data Management

- » Increasing data interoperability across products and solutions to assist customers' evolving needs
- » Creating new data service platforms, such as **Moody's DataHub**, to promote data accessibility and availability

DevOps

- » Continuing our DevOps journey within MIS and MA to promote high quality, secure solutions with optimal speed to market
- » **MIS quadrupled its releases** by significantly reducing release times, greatly increasing productivity

Integration Management Office

- » Establishing and enforcing consistent and repeatable integration processes and procedures for recent and new acquisitions
- » Accelerating integration of people, commercial assets, and operations to **maximize value delivery**

Finance Transformation

- » Implementing a **modern cloud-based ERP** solution to further streamline processes
- » **Enterprise Performance Management (EPM)** system will deliver a modern integrated financial modeling system to drive operational transformation



Note: API = Application Programming Interface; ERP = Enterprise Resource Planning.

1. Measured as a percentage of ARR as of March 31, 2023.

Innovation Enabled by Artificial Intelligence (AI)

Utilizing natural language processing (NLP) and machine learning (ML) across Moody's external products and solutions



mlfabric™

- » Extensible **modular ML** framework to accelerate & scale ML across the organization
- » mlfabric™ enables cloud-based deployment leveraging **reusable ML** components and libraries developed by Moody's Accelerator



Ratings Research

- » Using **ML** models to **augment** our capabilities by:
 - Predicting when issuers are likely to issue to improve outreach
 - Conducting regional and company peer analysis to compare debt issuance
 - Anticipating future rating actions
 - Generating credit reports on ~6,000 municipal issuers using AI and NLP



MA Products

- » **QUIQspread**: product capable of automating digitization and spreading of multilingual financial statements
- » Award-winning Coronavirus, Compliance, KYC and Credit Adverse Media products use **NLP** to understand risks and gain insights from **unstructured sources**



ESG

- » Leveraging in-house **NLP** models to improve and enhance coverage
- » ESG Score Predictors using innovative **algorithms** employed to enhance quantitative and qualitative metrics

Note: KYC = Know Your Customer.

Public companies

DILIGENCE X CLIMATE RISK



As well as playing out across sectors and systems, exponential risks are also prompting publicly listed companies to take a fresh look at their vulnerabilities and opportunities.

DILIGENCE AND SANCTIONS RISKS

A major aircraft manufacturer needed to enhance transparency and get ahead of due diligence legislation in Europe, against a complex backdrop of safety threats and geopolitical sensitivities in the highly scrutinized aviation industry. By integrating Know Your Customer data, supply chain mapping, and anti-money laundering and sanctions database information, the company was able to analyze and screen its suppliers, customers, employees, and even site visitors. These initiatives resulted in stepped up security and stronger compliance systems, speeding up the customer risk assessment

process 100-fold and increasing the percentage of the company value chain covered by advanced risk analytics from 20% to 99%.

CLIMATE RISK

A large US bank needed to incorporate emerging climate risk factors into its scenario analysis activities and broader risk management framework, including as part of the Fed's pilot scenario analysis with leading banks and lenders in the U.S. The company modeled how physical risks from extreme weather and longer-term transition risks — and the potentially disruptive economic shifts that come with them — could both negatively affect its commercial and retail lending portfolios and open up new fronts for competitive advantage.

Hurricane Ian

PHYSICAL RISK X REGULATORY RISK



Hurricane Ian in 2022 was one of the costliest catastrophe events in U.S. history with private market insured losses of up to \$67 billion.⁵ Insurance policies in Florida increasingly include a high wind damage deductible and much of the flood damage was not insured at all due to the unprecedented inland reach of high water — so more of the repair costs than ever will fall on individual home and business owners.

Against the backdrop of Covid-19, construction costs have jumped since 2020 with the price of lumber up 240% and steel up 50%. And Assignment of Benefit (AOB) issues are pushing up insurance claim costs by up to 3x — and potentially even 100x if the claim goes straight to litigation. It all adds up to significant financial strain, as a single weather event collides with long-term inflationary trends.

Source: ⁵Inflationary Trends in Construction Costs and Nat Cat Losses in Recent Events: RMS Whitepaper - May 2022

Commercial real estate



ENERGY PRICES X COVID DISRUPTION X
ESG STANDARDS

Demand for office space in Europe is an example of long-term trends colliding with unpredictable shocks to shift a market and create financial pressures. On top of the ongoing disruption from the pandemic and broader shifts in working patterns, the commercial real estate sector is now further threatened by a generally weakening economic environment in Europe. Less square footage is expected to be available overall, as landlords either extensively renovate older buildings to comply with new environmental standards or redevelop offices to serve other uses altogether, like retail or residential.

The cost of renting office space will go up to compensate owners for new energy efficiency retrofits and companies looking to reduce their emissions can either upgrade to more energy-efficient space, reduce their total space, or both. This means that net debt to EBITDA[®] ratios have weakened for many real estate investment trusts, increasing from an average of 11x in 2019 to 13x in 2021.

Source: [®]MIS CMBS and REITs – Europe: Hybrid work will weaken demand for office space, with modest credit impact - July 2022

Baby formula



SUPPLY CHAIN X EXTREME WEATHER

The 2022 disruption of a pharmaceutical company's baby formula plant, demonstrates the impact of exponential risks. At the start of 2022, the industry was under production pressure due to materials shortages and pandemic-related supply chain issues. By May 2022, 43% of formula products were out of stock nationwide.¹ In June, an extreme weather event hit the facility, forcing it offline.

The failure of a single plant quickly became a national challenge for families and the Biden administration, as out of stock rates hit 90% or more in 10 U.S. states. The company faced compounding risks with financial impacts for customers, suppliers, commercial real estate companies, insurers, and banks.

Source: ¹Bloomberg - One in Five US States Is 90% Out of Baby Formula - June 2022

Reconciliation of Adjusted Financial Measures to U.S. GAAP

Moody's Corporation Adjusted Operating Income and Adjusted Operating Margin Reconciliation

(in \$ millions)	2018	2019	2020	2021	2022	TTM 1Q 2023
Operating Income	\$1,868	\$1,998	\$2,388	\$2,844	\$1,883	\$1,781
Operating Margin	42.0%	41.4%	44.5%	45.7%	34.4%	32.9%
Add Adjustment:						
Depreciation & Amortization	192	200	220	257	331	341
Acquisition-Related Expenses	8	3	-	-	-	-
Restructuring	49	60	50	-	114	128
Captive insurance company settlement	-	16	-	-	-	-
Loss pursuant to the divestiture of MAKs	-	14	9	-	-	-
Adjusted Operating Income	\$2,117	\$2,291	\$2,667	\$3,101	\$2,328	\$2,250
Adjusted Operating Margin	47.6%	47.4%	49.7%	49.9%	42.6%	41.5%

Moody's Corporation Net Debt Reconciliation

(in \$ millions)	2018	2019	2020	2021	2022	1Q 2023
Gross debt	\$5,676	\$5,581	\$6,422	\$7,413	\$7,389	\$7,462
Less: Cash, cash equivalents and short-term investments	1,818	1,930	2,696	1,902	1,859	2,197
Net debt	\$3,858	\$3,651	\$3,726	\$5,511	\$5,530	\$5,265

Note: Some numbers may not foot due to rounding.

Reconciliation of Adjusted Financial Measures to U.S. GAAP (cont.)

Moody's Corporation Operating Margin Guidance Reconciliation

	2023F ¹
Projected Operating Margin – U.S. GAAP	Approximately 37%
Depreciation & Amortization	Approximately 6.5%
Restructuring Expense	Approximately 1%
Projected Adjusted Operating Margin	44% to 45%

Free Cash Flow Reconciliation

(in \$ millions)	2018	2019	2020	2021	2022	2023F ¹
Net cash flows from operating activities	\$1,461	\$1,675	\$2,146	\$2,005	\$1,474	\$1.7 to \$1.9 billion
<i>Less: Capital expenditures</i>	<i>91</i>	<i>69</i>	<i>103</i>	<i>139</i>	<i>283</i>	<i>Approximately \$0.3 billion</i>
Free Cash Flow	\$1,370	\$1,606	\$2,043	\$1,866	\$1,191	\$1.4 to \$1.6 billion

1. Guidance as of April 25, 2023. Refer to Table 11 – “2023 Outlook” in the press release titled “Moody’s Corporation Reports Results for First Quarter 2023” from April 25, 2023, for a complete list of guidance, reconciliations between adjusted measures and U.S. GAAP, as well as assumptions used by the Company with respect to its guidance.

Reconciliation of Adjusted Financial Measures to U.S. GAAP (cont.)

Moody's Corporation Diluted EPS Reconciliation

	2018	2019	2020	2021	2022	2023F ¹
Diluted EPS – U.S. GAAP	\$6.74	\$7.42	\$9.39	\$11.78	\$7.44	\$8.45 to \$8.95
Acquisition-Related Intangible Amortization Expenses	\$0.40	\$0.42	\$0.51	\$0.65	\$0.83	~\$0.85
Acquisition-Related Expenses	\$0.03	\$0.02	-	-	-	-
Restructuring	\$0.19	\$0.23	\$0.20	-	\$0.48	~\$0.20
Impact of U.S. tax reform	(\$0.30)	-	-	-	-	-
Increase to non-U.S. UTPs	\$0.33	-	-	-	-	-
Captive insurance company settlement	-	\$0.06	-	-	-	-
Tax charge pursuant to the divestiture of MAKs	-	\$0.07	-	-	-	-
Loss pursuant to the divestiture of MAKs	-	\$0.07	\$0.05	-	-	-
Non-cash gain relating to minority investment in BitSight	-	-	-	(\$0.14)	-	-
FX losses resulting from the Company no longer conducting commercial operations in Russia	-	-	-	-	\$0.11	-
Gain on extinguishment of debt	-	-	-	-	(\$0.29)	-
Adjusted Diluted EPS	\$7.39	\$8.29	\$10.15	\$12.29	\$8.57	\$9.50 to \$10.00

1. Guidance as of April 25, 2023. Refer to Table 11 – “2023 Outlook” in the press release titled “Moody’s Corporation Reports Results for First Quarter 2023” from April 25, 2023, for a complete list of guidance, reconciliations between adjusted measures and U.S. GAAP, as well as assumptions used by the Company with respect to its guidance.

Annualized Recurring Revenue (ARR)

The Company presents Annualized Recurring Revenue (“ARR”) on a constant currency organic basis for its MA business as a supplemental performance metric to provide additional insight on the estimated value of MA's recurring revenue contracts at a given point in time. The Company uses ARR to manage and monitor performance of its MA operating segment and believes that this metric is a key indicator of the trajectory of MA's recurring revenue base.

The Company calculates ARR by taking the total recurring contract value for each active renewable contract as of the reporting date, divided by the number of days in the contract and multiplied by 365 days to create an annualized value. The Company defines renewable contracts as subscriptions, term licenses, maintenance and renewable services. ARR excludes transaction sales including training, one-time services and perpetual licenses. In order to compare period-over-period ARR excluding the effects of foreign currency translation, the Company bases the calculation on currency rates utilized in its current year operating budget and holds these FX rates constant for the duration of all current and prior periods being reported. Additionally, ARR excludes contracts related to acquisitions to provide additional perspective in assessing growth excluding the impacts from certain acquisition activity.

The Company's definition of ARR may differ from definitions utilized by other companies reporting similarly named measures, and this metric should be viewed in addition to, and not as a substitute for, financial measures presented in accordance with U.S. GAAP.

<i>Amounts in millions</i>	March 31, 2023	March 31, 2022	Change	Growth
<u>MA ARR</u>				
Decision Solutions	\$1,234	\$1,108	\$126	11%
Research and Insights	770	708	62	9%
Data and Information	748	685	63	9%
Total MA ARR	\$2,752	\$2,501	\$251	10%

Key Assumptions Underlying our Medium-Term Targets

Moody's medium-term guidance refers to a time period within 5 years and reflects assumptions about numerous factors that could affect its business and is based on currently available information reviewed by management through and as of today's date.

These assumptions include, but are not limited to, the effects of interest rates, inflation, foreign currency exchange rates, capital markets' liquidity and activity in different sectors of the debt markets. This outlook also reflects assumptions about general economic conditions, including inflation and related monetary policy actions by governments in response to inflation, global GDP, and the impacts resulting from changes in international conditions, including as a result of the conflict in Ukraine, as well as assumptions related to the Company's own operations and personnel. These assumptions are subject to increased uncertainty due to the current inflationary environment and the conflict in Ukraine. Actual results could differ materially from Moody's outlook.

The guidance also incorporates various assumptions as of **January 31, 2023**, including: (a) U.S. and Euro area GDP to stagnate in the near-term, followed by economic recovery; (b) the U.S. 10-Year Treasury yield to stabilize, fluctuating modestly around current levels; (c) issuers continue to refinance maturing debt; (d) MA customer retention rates remain in-line with historical levels; and (e) pricing initiatives align with prior practices and enhancements to customer value.

Moody's Corporation Medium-Term Guidance (as of January 31, 2023)	
Moody's Corporation	
Revenue	At least 10% growth
Adjusted Operating Margin ⁽¹⁾	Low-50s percent range
Adjusted Diluted EPS ⁽¹⁾	Low-double-digit percent growth
Moody's Analytics (MA)	
MA global revenue	Low-to-mid-teens percent growth
MA Adjusted Operating Margin	Mid-30s percent range
Moody's Investors Service (MIS)	
MIS global revenue	Low-to-mid-single-digit percent growth
MIS Adjusted Operating Margin	Low-60s percent range

Note: Growth refers to average annualized growth over the time period. Assumes full year 2022 as the base year.

1. Moody's does not provide medium-term operating margin and diluted EPS guidance on a U.S. GAAP basis because the items that the Company excludes to derive Adjusted Operating Margin and Adjusted Diluted EPS cannot be reasonably predicted or assumed, for example the amount of amortization associated with acquired intangible assets from future M&A activity. Accordingly, the Company does not forecast these items over the medium-term. The occurrence, timing and amount of any of the items excluded from operating income to derive Adjusted Operating Income, Adjusted Operating Margin and Adjusted Diluted EPS could significantly impact the Company's medium-term U.S. GAAP results.

MOODY'S

Decode risk.
Unlock opportunity.

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